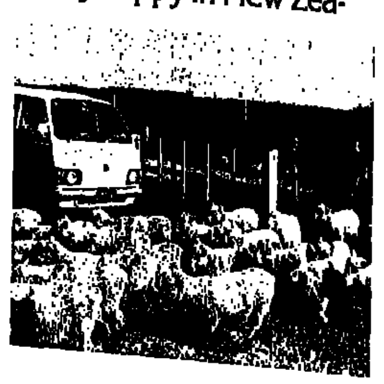

NATIONAL BUSINESS REVIEW

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Economic overhaul: Govt eye on protection policies

by Colin James

BACKGROUND work by two Government departments may enhance prospects of important changes in import protection — and thus in the management of the economy.

Since early last year, the Treasury has been examining the impact of protection on economic growth.

A paper delivered by senior investigating officer Paul Carpinter (see NBR last week) at the science congress in Auckland last month suggested that quota protection may be the main reason for New Zealand's poor economic growth rate.

The Department of Trade and Industry has been studying ways of lessening the pain on firms and industries that might be adversely affected by changes in protection — particularly licensing, the removal of which would automatically cause changes in the structure of the economy.

No political move has yet been made. Nothing concrete has surfaced at the Cabinet economic committee, according to two of its members last week.

But the two studies, plus a growing feeling among some in political circles that a start must be made on "restructuring" the economy, have fuelled speculation that Finance Minister Rob Muldoon may be about to make another of his lightning switches of opinion and free up the import-licensing system.

In 1976, according to a Treasury insider at the time, Muldoon was converted overnight to freeing up the financial markets — a policy which is generally considered to have been highly successful.

In the wake of strongly-argued departmental papers on economic options before Christmas, much was expected from Muldoon's Orewa speech on January 16, but in fact, to the open disappointment of some officials, he said very little about restructuring. Much more was said by the OECD report later that week.

But there are strong political reasons why, if the issue is to be tackled, a start should be made this year.

Any restructuring is likely to be painful to some and possibly, temporarily, to many. The first year of a parliamentary term is the best to inflict pain.

A growing number of influential people in the National Party, including some of the more energetic ministers, feel the time has come for action. Muldoon may feel that his hold on the leadership would be strengthened by a bold initiative, since there is a widespread feeling that present policies are not working.

He has, I understand, been calling for a considerable number of Treasury papers recently, which may be indicative of changes to come. A minister said last week: "When he moves, he moves fast."

Already last year Trade and Industry Minister Lance Adams-Schneider committed the Government to far-reaching review of price controls this year.

Muldoon himself committed the Government to examining the possibility of shifting some of the taxation burden from income tax to indirect taxes. There are indications that the Government may increase taxes on luxury items.

One Government source last week suggested that there may be a relaxation in the criteria on overseas investment in order to encourage more foreign money in selected areas of the economy, such as tourism.

The introduction of such measures would encourage changes in the structure of the economy. But they would leave unresolved the question of how efficiently firms sheltered by import licences use resources, the scarcity of which is being increasingly felt by the community.

There is a growing feeling at official level — attested by outsiders dealing with the departments — that to answer the question there must be substantial removal of import licensing.

The Treasury, long considered more market-oriented than successive Cabinets of both political colours, has been emboldened by the success of the freeing of the money market.

Thus, though Carpinter's paper was widely circulated within the department before its presentation, there was no suggestion that it should be modified or withheld — as might have been expected in more cautious times.

It is unusual to see a Treasury official releasing findings that, however academic in tone, implicity criticise — and have been taken in some quarters both outside and within the Government as criticising — a longstanding Government policy of protection.

The importance of the new work goes further than its surprise value, however. It provides the first soundly-researched basis for arguments for decontrol.

As an official put it last week, most calls for decontrol, or arguments against it, have been "knee-jerk" reactions rather than the result of

LANCE ADAMS-SCHNEIDER
... price control review.

detailed economic analysis.

The Trade and Industry Department, partly as a legacy from the era of Sutchism and import substitution, and partly from its close association with manufacturers, has been much less market-oriented than the Treasury.

But there are indications that this attitude has shifted — or at least softened.

Only around one-quarter of imports by value is still under licence (and about one-quarter of that amount is in automatically replaceable ckd motor vehicle licences), which makes licensing less important than it was.

And, through the development of industry plans, the department is gaining experience in concepts of concentrating resources within industries on the more efficient areas.

The work it has been doing over the past few months has been on once-for-all help or compensation for those who either have to move from a less efficient operation to a more efficient one, or to give up altogether.

But, even if import licences are substantially relaxed or dismantled, this does not necessarily imply a reliance on market forces to achieve the desired economic restructuring.

For one, the manufacturers carry considerable political clout. Though some see the need to bow to the prevailing pressure for less protection, few would accept open slather. As a body, with union backing, manufacturers arguing for continued Government intervention could not easily be ignored.

For another, the Treasury itself is said by some who know its workings well to have reservations about letting economic nature take its course, especially in the light of the current distortions in the international economy.

As one economist put it last week, the Treasury would probably want to retain influence over the movement of capital within the economy.

The outcome of any substantial changes is more likely to be on the Japanese model than the German — with hand-in-glove cooperation between the Government and industry.

Thus, if the Government does move on import licensing:

- Changes are likely to be phased, rather than immediate;
- Changes are likely to be accompanied by administrative measures both to encourage capital into areas pinpointed by the Government as desirable, and to ease the pain of those who have to shift.

The politicians have promises to remember. In its manifesto last year, the National Party said one of the factors on which its manufacturing strategy will be based was: "That a strong domestic market is generally essential for the successful establishment and expansion of export markets and the maintenance of efficient import substitution industries and requires stable protection policies."

INSIDE

Registered at Post Office Headquarters as a newspaper

Incorporating Admark

Time to think about son-of-supplementation

by Colin James

THE Minister of Agriculture, Duncan MacIntyre, wants to hear soon from the producer boards on what they think should replace the Government's minimum price supplementation scheme.

Given the need nowadays for large taxpayer subsidies to keep farmers afloat, the question is fraught with political niceties.

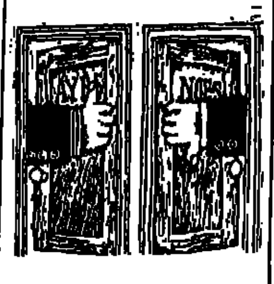
The scheme set prices for meat, wool and export milkfat which the Government guaranteed to farmers for two years. The idea was that if market prices fell below the Government's minimums and no one else made up the difference, the taxpayer would.

The prices were intended, so the Budget said, "to provide for farmers' reasonable requirements for living expenses, farm operating expenditure and new development more adequately than would the minimum prices likely to be set under the existing arrangements".

Furthermore, though the Government's minimums will not drop next year, they may rise — if the findings of the agricultural price review committee, due to report at the end of the month, indicate that would be justified.

The scheme came close to, but stopped short of, guaranteeing the efficient farmer a profitable income. In setting the minimums — which, to the consternation of many farmers, it did unilaterally — the Government aimed at a realistic assessment of market levels.

In meat, it turned out to be more cautious than the industry's own stablisation prices; in wool, it has been about right, having cost the taxpayer around $1 million so far, the market having hovered around the Government's 205 cents; in dairy products, it has been a bit low so unless something dramatic, such as devaluation, happens before the end of the season, dairy farmers will get somewhere between $3 and $5 million.



POLITICS

Compared with the $300 million or so of other assistance this year, the supplementary price payouts are peanuts. This is either a remarkable stroke of good fortune, or, as some believe, a remarkably shrewd judgment by the price-setters.

The effect has been that that scheme has been only just visible enough to show that the Government cares, but not so much that it has kept before farmers' eyes the spectre of a Government takeover.

Dairy farmers are used to guaranteed prices, so the new scheme is not a radical innovation to them as long as the prices are related to market returns in the long term. But the acceptance of such ideas does not come so easily to meat and wool farmers.

In fact, when the scheme was announced last year, the Meat Board attacked it on two grounds.

One was that, being a straight income subsidy and not a price-smoothing mechanism, it put New Zealand in danger of being charged with subsidising exports and inviting countervailing action.

The other was "whether farmers want to rely on Government support or on market returns" and "whether in the longrun . . . the Government can pay farmers more than the price being returned by the market".

Interestingly, in the light of the subsequent higher stabilisation prices set by the meat export prices committee, the board called the Government's minimum prices "unrealistically high".

The Wool Board still bears the scars of the 1972 battle over the compulsory acquisition proposals. Both the electoral committee and the controlling board have majority memberships of anti-acquisitionists with noses attuned to sniffing out at long distance the faintest whiff of Government takeover.

One of the electoral committee, Harry Styles, tried in August to have the committee tell the Government it would not have a bar of the scheme.

His motion was amended to an anodyne "keep under review" resolution, but the board has since been treading most warily round the issue of what is to follow the scheme next year.

The board will not commit itself without pretty clear evidence as to where its constituent farmers stand.

But the issue will not go away. Some time or other the question of how agriculture is to be financed must be resolved. And, with MacIntyre in the Minister's chair for another term, that time may be coming.

Thus the ministry officials have been beavering away on ideas for discussion as to what could follow the minimum prices scheme.

Enter at this point Federated Farmers, determined to avoid unilateral Government action by getting all organisations to speak with one voice.

On Wednesday last week, it called together the three producer boards now affected and the Apple and Pear Board to explore the prospect of finding common ground.

Some was found. All the participants agreed that any scheme which replaces minimum price supplementation should be market-oriented — that is, minimum prices should not stray too far from market prices over the longer term.

This reaches back to the primal urge of all farmers who in the ideal world would be masters of their own patch, taking the world's prices and paying the world's cost.

The ideal world disappeared some time ago. Market returns are no longer adequate even to maintain production.

That is why the Government has heavily subsidised inputs; that is why it has concocted a series of handouts based on stock numbers; that is why successive price-smoothing mechanisms have been developed; that is why the Government is now directly in the business of income support and income skimming, this year taking money off beef growers.

That is also why farmers are in confusion. Some are well-enough off to afford the ideal world philosophy even now. Others, depending on their mortgage and profitability, are prepared to accept varying degrees of Government help and-or central control.

There are two main ways to go after supplementation. One is towards market-oriented income-smoothing, which has the merit of not putting farmers notionally in debt to the rest of the community but, since the band between the support price and the skimming price would probably have to be fairly narrow, it carries with it overtones of backdoor acquisition.

The other is an inflation-indexed cost-plus fair price for farmers' indispensable effort on behalf of the whole nation. Logically it could be set high enough to dispense with all other subsidies, freeing the farmer from demeaning year-to-year fluctuating Government Budget largesse.

This course appeals to farmers who can see little long-term hope of managing on market returns.

The Government has cleverly left both options open. In its operation of supplementation close to market realisations, it has been close to the first. As the Budget comments about "farmers' reasonable requirements", it came close to cost-plus price fixing.

Some indication of which it prefers may come if it alters the support prices for next season — whether it sets the new price on the basis of market assessment or of movements in farm costs (around 20 per cent over the past 12 months).

But does a choice have to be made at all? Farmers have long argued that a free economy within New Zealand would so adjust internal costs that farmers would ride the market profitably.

Farming leaders are therefore taking heart from the new talk of "restructuring". The market-oriented, internationally competitive and enterprising economy some people are envisioning for could, they hope, remove the need for something to follow supplementation.

But before people get carried away with the enthusiasm, two factors need to be considered.

One is the pervasive conservative cautiousness of New Zealanders, who instinctively shrink from competition. The other is a tradition among Government officials and politicians of management of the economy.

This suggests that, rather than letting market forces rip, the decision-makers will prefer to use fiscal and administrative devices to steer changes in resource use in directions they choose.

MacIntyre has already been encouraging some "restructuring" in primary resources, encouraging investment in fishing and horticulture. In another sense, he had deliberately encouraged pastoral output increases through the livestock incentive scheme — now in its third year, and accounting for a committed increase of about million stock units.

These are longer-term measures and must at least raise doubts as to whether the Government would abandon ad hoc farming assistance.

So the discomforting answer to the farming leaders' hopes must at this stage be: there will probably have to be a son-of-a-supplementation.

The daunting task remains putting together proposals firm enough to be acceptable to an increasingly generous Government and flexible enough to be acceptable to the divergent opinions of farmers. It is an exercise that will take considerable political skill.

Solar energy industry running out of steam

by Warren Berryman

NEW ZEALAND'S fledgling solar water heating industry is being killed by a 1978 Budget measure ostensibly designed to encourage solar energy use.

Sales of domestic solar water heaters have fallen off dramatically since the announcement in the June 1 Budget that homeowners installing solar heaters would qualify for an interest-free $500 Government loan.

Solar industry spokesmen claim that, rather than encourage consumers to conserve energy by going solar, the scheme has had the opposite effect. It has killed virtually all sales while consumers wait in vain for the Ministry of Energy and the Electrical Supply Authorities to make up their minds about the scheme's implementation.

New Zealand Solar Equipment Manufacturers' Association president Norman Hollingworth said that while the Government had promised to spend $2 million on the solar industry, less than $30,000 had gone through the loan scheme.

Solar manufacturers were experiencing slow but steady sales — until the Budget announcement, Hollingworth said.

Hollingworth is also diversification manager for Colt Ventilation and Heating Ltd, this country's largest solar heater manufacturer. Colt had lost sales, he said, because the electric supply authorities, whose job it is to process the loans, had refused to administer the scheme, or just told inquirers they had no information available on the scheme.

Hollingworth said that despite the Government's claim to the contrary, the solar manufacturers had not been contacted or consulted about the scheme before it was announced.

Industry spokesmen claim that if every New Zealand household had a solar water heater on the roof it could cut electricity consumption by 7 per cent — or more graphically, save all the power generated by the Benmore power station.

But several of the 24 New Zealand solar heating manufacturers now express doubts about remaining in the business.

Blame for the state of the solar industry has been laid at the door of bureaucrats in a commissioned report prepared for the New Zealand Research and Development Committee by the Friends of the Earth Foundation.

The FOE Foundation's findings on solar energy were presented as an interim report last week because the researchers came to the conclusion that the present barriers to solar technology were so great as to threaten this industry's survival.

The report outlines "the very unsatisfactory state of solar equipment testing and marketing in the wake of the policy decisions announced in the 1978 Budget".

It goes on to say: "It appears that the decision to extend the interest-free loan scheme from domestic insulation to domestic solar water heaters was made without adequate information, or even test facilities, and as a result, the existing market for solar appliances has been almost eliminated, while delays and confusion surrounding the testing of solar units, approval for the interest-free loan scheme, and the financing of the loans through the electrical supply authorities, have meant that very few loans have in fact been issued."

The Ministry of Energy was given the job of administering the Goverment scheme. According to the FOE Foundation report, the MOE sent a telegram to solar manufacturers one week after the Budget announcement, telling them to do nothing until a formal letter had been received from the MOE.

Six days later, manufacturers were sent a draft charter, and Energy Minister Gair's press statement on the scheme.

It wasn't until three months later that the manufacturers received details of the charter and instructions on information required by the MOE for approval of units.

Manufacturers were then told that loans would not be available for units bought before the Ministry's approval had been given.

Although the MOE is responsible for administering the scheme, it passed on the job of testing units for MOE approval to the Building Research Association of New Zealand (BRANZ).

Lacking experience in this area, but wishing to get some approvals, BRANZ allowed heaters to be approved under an "appraisal agreement". This agreement was given to the manufacturer after only a cursory test of his heater qualifying his device for the scheme, but binding the manufacturer to a full test to be completed some time in the future.

The BRANZ test cost the manufacturers $850 per unit tested.

The DSIR is conducting a separate test on 13 solar heaters chosen by ballot. The FOE Foundation report said: "Confusion is rife, especially as both programmes have been organised, controlled and communicated to the industry as if they were one and the same by the Policy Division of MOE, under P Graham" (assistant Secretary of Energy).

The report recommended that the Government quickly finalise the mechanics of the loan scheme, win the confidence and co-operation of the electrical supply authorities, publicise the scheme, and make the loans available on a retrospective basis for systems installed since the Budget announcement.

Continental to fly in face of rules

CONTINENTAL AIRLINES' plan to use Honolulu and Pago Pago as bases for its operations to Australia and New Zealand opens a real can of worms in the battle over Pacific airfares.

Honolulu and Pago Pago are both part of the United States in what is called the capitage area. That means that under the country of origin fare-fixing rule agreed between the Australians and the Americans in Canberra last year, there is nothing the Australian Government can do to stop Continental charging whatever fares it likes provided the United States Government agrees.

In a cunning move, Continental obviously plans to exploit the capitage area by the use of stopovers, which the airline says will be available on its fares at no extra charge.

The plan will embarrass the Australians and inconvenience Air New Zealand.

It also happens to suit Continental from technical and marketing points of view. Continental is using DC10-10s on its South Pacific service which do not have the range of the newer DC10-30s used by Air New Zealand, or the Boeing 747s used by Qantas and Pan Am.

The airline's executive vice president for marketing, Charles Bucks, told New Zealand journalists that Continental "aimed to encourage people with the time and the inclination to stop off in the Pacific on their way to Australia and New Zealand".

Continental wants to develop tourist flow from its catchment areas in the south and west of the United States and Bucks explained that using Honolulu as the Pacific base would enable travellers to fly to Hawaii on United States domestic fares.

All three flights a week to New Zealand will come from Honolulu through Pago Pago, and of the airline's four to Australia two go through Pago Pago and two through Fiji.

Continental has already announced plans for a US $100 fare from Honolulu to Auckland (US $125 to Sydney and US $75 from Pago Pago to Auckland) available on a standby basis. If it has other plans to divert cheap-fare traffic from other carriers into the capitage area, it is not difficult to see a new fare structure developing — and Continental would doubtless get the bulk of any traffic using that route to carry into the American mainland.

The Pago Pago connection also opens up a number of possibilities for interlining with other Pacific carriers, who would be beyond the control of either the Australian or New Zealand Governments.

It remains to be seen what countermeasures those Governments might adopt to protect their national carriers, but at the moment the initiative lies with Continental, the new newcomer to the Pacific air routes.

EDITORIAL

THE Government at last shows signs of recognising that the interests of industrial harmony have been ill-served by its past policies on voluntary unionism. When a Bank Officers Union poll showed that a heavy majority of members favoured keeping the unqualified preference clause in their award, Cabinet prudently decided against pressing for a State-run ballot among bank officers. Later in the week, the Government Caucus — to the surprise of many trade union leaders — accepted an FOL suggestion that State-held ballots on compulsory unionism be scrapped. New Labour Minister Bolger sympathises with the federation's proposal that the unions themselves conduct ballots, and so — not for the first time — National has found itself modifying its stance on voluntary unionism.

Before the 1975 election, National emphasised its belief that "industrial harmony depends on accepting basic rights, including in particular balancing freedom of association and the right not to be compelled to belong to an association". Invoking the name of the Universal Declaration of Human Rights, the National Party insisted that "workers should themselves have the right to decide whether the unqualified preference clause (which makes membership of a union compulsory) should apply to their unions". Thus the law would be changed "to give workers an effective means to decide whether their unions should be compulsory or voluntary."

The manifesto promised that all workers who were bound by the provisions of any award covering their work would be able to vote in a secret ballot carried out by the Labour Department to determine the voluntary membership question by majority vote.

Amendments to the law which resulted in 1976 didn't go as far as that; rather, the Minister of Labour was enabled to select unions at whim for ballots. Then there was a series of delays in implementing the first ballot with the tiny Golden Bay Cement Workers Union, and by the end of 1977 only this one ballot had been held. A hastening of the process was assured by Labour Minister Gordon early in 1978, but by July that year only three ballots had been held. Ballots on a further 15 unions were then stalled till the FOL industrial committee met the Government caucus.

It was another election year, of course, and the Government seemed determined to demonstrate anew a commitment to voluntary unionism. The caucus met the FOL team, but unanimously resolved to press ahead with ballots. The caucus not long after reiterated this policy in rejecting a recommendation from the Industrial Relations Council — a body which should be expected to give sound advice — for an immediate moratorium on further ballots till the Government's policy had been examined by a council sub-committee. Significantly, Labour Minister Gordon favoured the moratorium. Then during the election campaign, the provocative decision to make the Clerical Workers' and Licensed Hotel Clerical Workers' unions voluntary by Order-in-Council underscored an impression of National resolve to remain unbending.

Voluntary unionism now seems to have been nothing more than a vote-winner. The realities behind the issue are that the unions were united in their opposition to State-run ballots, although some unionists thought that voluntary unionism might be good for the trade union movement. The Employers Federation, too, had pressed to hold off on the ballots. Further, the first six ballots had produced votes of 77 per cent to 95 per cent in favour of retaining the unqualified preference clause. There were administrative burdens, too, for the Department of Labour — Bolger said last week the new policy, if approved by Cabinet would significantly reduce the workload on officers.

A Government committed to the principle of free unionism cannot afford the sort of industrial unrest which would result from the imposition of the principle. That leaves many of the country's 1.4 million workers compelled to join unions, a significant number of them reluctantly. Thus the real question of the right to free association implicit in the Government's lofty policies in 1975 has been conveniently ignored.

Bob Edlin

British report reveals an imaginary energy gap

MANY countries might take comfort from a challenging new report which suggests that Britain does not face an energy shortage in the near future, and could make considerable economic progress even at current energy levels.

Jeremy Bugler of London's Financial Times reports...

AN energy report with a difference, published in Britain last month, is likely to have an influence far beyond the frontiers of the United Kingdom.

The report, by a team from an independent non-profit institute, suggests that considerable economic progress is possible while energy and electricity demand are held static. It holds out a future of growing material prosperity without the threat of an energy gap or the environmental disruption of a major search for more energy. Nuclear power becomes an optional extra rather than an unpleasant political necessity.

A team headed by Gerald Leach of the International Institute for Environment and Development of Washington and London produced the study. Entitled A Low Energy Strategy for the United Kingdom, it is essentially a detailed examination of the figures, forecasts and assumptions that have led the British Government to believe it must greatly expand its energy supplies to meet a huge future demand as we near the year 2000.

Since many Western Governments have assumptions and outlooks close to those of Britain, the report's relevance is plain. Copies of the study are being sent out to more than 100 energy ministers, international agencies, government officials and energy experts in the United Kingdom and abroad.

These energy experts will find one of the IIED team's basic strategies is to examine closely the way the British Government has produced energy forecasts. In particular, the team takes an energy forecast for a particular industrial sector, and then breaks it down into the components of that industry.

By and large, the team found that when the individual components were examined, their energy demand was less than they ought to be on the highly aggregated model that the Government uses.

The team was determined to see how realistic a low energy strategy for Britain might be, and the experts deliberately made things hard for themselves.

Thus they chose an economic growth rate far higher than many economists believe Britain will achieve. They allowed for a steady increase in private car ownership, right up to the point of saturation, again taking a higher growth rate than most British transport experts predict.

They discounted virtually any energy contribution from the so-called alternative energies of geothermal and tidal power, and set renewable energies such as solar, wind and wave power to contribute less than the official forecasts suggest.

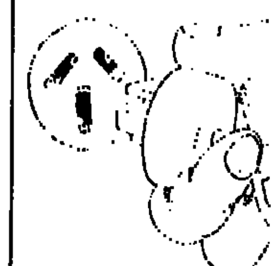
Their emphasis is heavily on what conservation and existing, well-known and conventional energy technologies can do. The businesses of insulation, heat pumps (which work like refrigerators in reverse) and combined heat and power are taken into account.

Leach conducted a wide canvass of expert opinion to determine how much these technologies might contribute, given modest Government assistance. His team adduced the likely future energy savings from cars that use less fuel, and from energy-efficient domestic appliances such as cooking stoves, colour TVs, deep freezers, and washing machines. He assumed that Britain's future homes will be warmer and be better equipped with these consumer durables.

And yet they and the nation they dwell in are shown by the Leach report to be able to use much less energy. The report demands only that the Government undertake some mild political groundwork, such as demanding energy standards for new automobiles and better energy performance in new houses and offices by changing the building regulations.

This new study thus emerges as one that denies the "technical optimists" who claim they can bridge any energy gap that arises. After doing his calculations, Leach finds that there is no need in the United Kingdom for a huge nuclear programme, and absolutely no need at all for a fast breeder reactor. Indeed he finds that Britain is vastly over-estimating the need for new power stations. The Leach report indicates that Britain can save a billion pounds a year in investment in surplus power stations if it takes the Leach advice.

Such is the waste of energy



ENERGY

in Britain today that a small programme of new power stations would be adequate, Leach suggests, to meet demand. And yet he does see industrial output rising by 1.7 to 2.2 times by the year 2025.

Despite increases in material affluence, energy consumption in Britain is seen as scarcely needing to rise. If there is very high economic growth, then it increases slightly from 349 million tonnes of coal equivalent (mtce) in 1976 to 361 mtce in 2000, but then falls steadily to 349 mtce in 2025. If a low growth assumption is made, then it falls to 330 mtce in 2000 and continues dropping to the year 2025.

At the same time, the report gives little pleasure to the energy radicals in Britain. For it suggests that a major restructuring of energy consumption and the British lifestyle is simply unnecessary.

There will be no need for the British to abandon central heating and take to woolly underwear. The Englishman can drive his car and not be forced to ride a bicycle.

Simply because it annoys both the technical optimists and the energy radicals, the Leach report will run into much opposition. But its message is alluring enough to suggest it will be closely read in many capitals.

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AFTER a few cracks about "economically illiterate anti-Government journalists", Rob Muldoon got down to telling the Orewa Rotarians how it really was.

To clear the public mind, Muldoon defined that "much abused term — productivity".

"The only statistical measure that even approximates productivity is a table produced by the Government statistician which is labelled 'real gross domestic product per labour force member'.

"This is produced annually and is taken as the measure of the movement in productivity although the statistician will never use that word and is quick to point out that it is not strictly a measurement of productivity.

"It is the real gross domestic product, that is to say total production corrected for price movements and divided into the total labour force.

"It thus gives the production per man year."

The words of Mr Miracle Man should be taken as gospel, of course — but we are tempted to become disbelievers. After all, according to Muldoon's definition, productivity is a measure of inefficiency, not efficiency. By his calculation, the greater number of workers necessary to make a certain gross domestic product, the greater the level of productivity.

Perhaps he should have tried the more economically orthodox method of dividing the total labour force into the gross domestic product instead of vice versa. Or dub his method "Muldoon's man per output method".

■

MINISTRY of Energy officials, bless their zeal, are anxious to gather data on energy conservation in the transport sector. Thus they are seeking detailed analyses of "any tests conducted on addition of wind drag reducing devices eg (wind deflectors and aerofoils) to trucks, to conserve fuel", according to a letter sent to the NZ Industrial Truck Manufacturers' Association.

Industrial vehicles, of course, are platform trucks, fork-lift trucks, straddle carriers — that sort of thing.

Indeed, one useful definition is provided by the Customs Co-operation Council for international trade purposes — it describes them as "mechanically propelled vehicles of the type used in factories, warehouses, dock areas or airports for the short distance transport of handling (lifting, moving, loading, unloading, etc) of various loads (goods or containers) or, on railway station platforms, to haul small trailers.

"Such vehicles are of many types and sizes. They may be driven either by an electric motor with current supplied by accumulators; or by an internal combustion or other engine."

The CCC distinguishes them from other vehicles by these characteristics — their construction and, as a rule, their special design features, make them unsuitable for the transport of passengers or for transport of goods by road or other public ways; their top speed when laden is generally not more than 30 to 35kmh; their turning radius is approximately equal to the length of the vehicle itself.

All in all, we suspect the Ministry of Energy is likely to find that not much work has been done on determining the fuel savings gained through use of deflectors and aerofoils on these factory-floor dragsters.

Come to think of it, the interests of energy conservation might have been better served with a quick phone call to the Industrial Truck Manufacturers' Association to determine if the required information might be forthcoming before going to the trouble of despatching a letter.

■

FOR those who enjoy that sort of thing, the Mercury Theatre production of Cinderella was a fun show. But there's an element of mystery about the credits that belongs in the realm of whodunits rather than fairy tales.

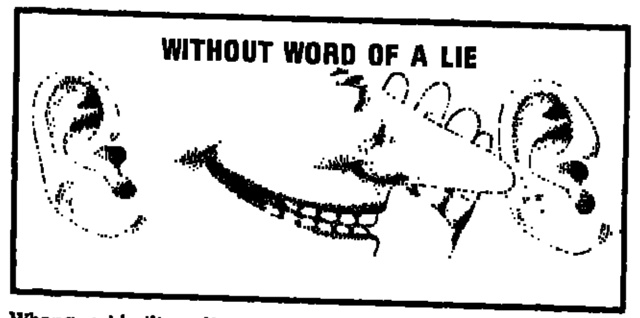
At one point in the show, something to shock the audience was called for — and lo and behold, we all sat bolt upright as a picture of one Robert David Muldoon dropped suddenly on to the stage. Not just a snapshot, either. It was one of those Red Square poster-sized jobs.

The mystery comes in trying to find out where the picture came from. The programme notes give credits to all involved with the show, but the name of the person who provided the splendid portrait of Muldoon was thoroughly inked out so it could not be read.

Did someone belatedly anticipate reprisals from somewhere?

■

WITHOUT WORD OF A LIE



HOPES were high last week that another American film corporation would step in to make two films with the Whangarei-built replica of the HMS Bounty after the Dino de Laurentiis Corporation dropped plans to make films of the infamous mutiny.

NBR reported in December that Dino de Laurentiis Corporation in Los Angeles had withdrawn the $40 million for the two major movies in which the Bounty was to have been featured, but that movie mogul David Lean would be chasing new finance for the Bounty films.

Lean was to fly to New Zealand at the weekend, with representatives of the new backers, according to one report.

Dino de Laurentiis had put up the backing after Warner Brothers — the original financer — pulled out.

The Whangarei Engineering Company had won the tender for the $1.3 million building job and insisted it carry on when Dino de Laurantiis withdrew. The company then tightened its contract with the corporation and, according to general manager Bruce Lovie, is being paid in progress payments. Thus the Bounty is reluctantly owned by the Dino de Laurentiis Corporation.

Much of the $2.5 million cost of the ship has already been paid.

The shipbuilders hope to have sea trials early next month.

■

AIR NEW ZEALAND released its new fare package the other day, but the accompanying statement failed to clarify all issues involved to the satisfaction of one journalist. Budget fares, for example.

So he phoned Air New Zealand's public affairs department, only to be told there was no one-way Budget fare. Shortly after, he was phoned back by the public affairs spokesman; indeed, there was a one-way Budget fare, he was advised. It was $398 (a 23 per cent increase on the present one-way fare of $323, for the budget-minded).

So why wasn't the increase recorded in the original statement? The spokesman explained it had been a last-minute addition and "our tariff section forgot to tell us".

Alas, he couldn't explain why the one-way fare had gone up from the present level.

■

BANKING friends of ours are wondering why the Bank of New Zealand broke ranks from the other trading banks to introduce its controversial Visa card.

The way we hear it, the banks had been talking together about the introduction of a credit card and their talks were reaching finality when the BNZ suddenly went it alone and announced Visa — a debit card.

The ANZ Bank, CBA and Bank of New South Wales will soon introduce 60-day credit cards, to be known as Bankcard. The National's plans are a bit uncertain, but our sources suggest it is likely its credit card will also be Bankcard (the same name as the banks' credit card in Australia).

The BNZ, meanwhile, has been under heavy flak from consumer interests and the Commerce Commission is inquiring into aspects of the Visa card and its introduction.

Whether or not the commission finds Visa might contravene fair trading regulations, banking circles are tipping that the BNZ eventually will be obliged to come back into line with the Bankcard scheme.

■

NEW ZEALAND'S very own "Watergate" — the "hairy arm affair" — ended not with a bang but a whimper last week. The police, it seems, couldn't find any evidence of criminal activity.

But the news received a scant two paragraphs buried in the New Zealand Herald. Other papers gave it similar perfunctory treatment — surprising, surely, after all the election-time hoo ha over the supposed burglary of the National Party Headquarters.

Or maybe the earlier scepticism shown by TV One political reporter Fred Cockram was uncomfortably justified?

Why petroleum prospector called off oil chase

HUNT INTERNATIONAL PETROLEUM — whose exploration in the Great South Basin could have made New Zealand self-sufficient in oil — has now reduced its operations here to a mere watching brief. Chances of the company's return to active exploration are slight.

The company's New Zealand heads have returned to Dallas, leaving behind them what they see as an untrustworthy Government and its officials.

Hunt did not even wait to see what amendments are to be made to the Income Tax Amendment Bill, which was circulated late last year to oil explorers in this country (NBR, December 13). It pulled out its Penrod oil rig, and later its American heads.

A review of Hunt's operations in New Zealand shows that the more it committed itself, the more its terms of operations were arbitrarily changed.

It was the constant threat of further change that caused the Americans to get out, even though their licences have not yet lapsed. Only a change in Government policy will bring them back.

A review of the company's activities in New Zealand, covering a period of 10 years, makes depressing reading:

1967-69

Hunt acquires petroleum prospecting licences from the Mines Department on terms of 5 per cent royalty on selling value of oil produced and mining rights for 42 years of production. But Hunt believes the tax favours New Zealand mining companies and disadvantaged non-resident individuals and companies.

1968-71

Hunt solicitors make several submissions to the then Minister of Finance, Rob Muldoon, and officials, requesting a change in the tax laws so that non-resident oil companies or individuals (such as Hunt) will receive the same favourable tax incentives as New Zealand mining companies.

November 1971

Muldoon gives an undertaking that the law will be changed in 1972 to give non-residents the same incentives.

1972-74

Hunt spends $5 million for seismic surveying, processing interpretation and mapping of more than 26,000 line miles, which results in the discovery of six sedimentary basins and numerous drillable structures.

Following Muldoon's commitment on a favourable tax system for the company, Hunt commissions the construction of a drilling rig and two support vessels. It begins to organise all personnel, equipment and support services necessary to conduct drilling work in the area.

In 1972, Muldoon sponsors the enactment of the revised tax changes and legislates a 45 per cent tax rate, as he had undertaken.

1972, 1973, mid-1974

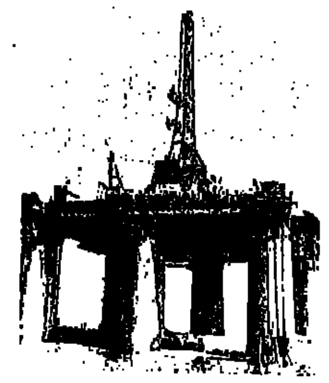
There are no changes in legislation, and officials and Ministers assure Hunt that no changes will be made to terms of the existing licence holders, although minor adjustments to the Petroleum Act are being contemplated for subsequent licences.

October 14, 1974

The Penrod oil rig and its two support vessels are completed and leave Singapore for New Zealand. Shipments of materials are being received in New Zealand.

November 8, 1974

The Government introduces the Petroleum Amendment (No. 2) Bill with provisions which materially alter terms



previously guaranteed to Hunt, such as a royalty review and an increase every 10 years, shorter terms on mining licences, more power to the Minister and less protection for the companies.

November 27, 1974

The Government proposes to participate with Hunt. It will pay 40 per cent of exploration costs for 51 per cent of production.

In other words, Hunt will carry the Government's company for an 11 per cent "free ride" on exploration in return for a longer term on prospecting licences which are due to expire on September 30, 1975.

It appears that the licences will expire before Hunt has a chance to drill here, even though it has made every effort to do so.

November 29, 1974

The Penrod oil rig, Grizzly Bear and Polar Bear arrive in New Zealand.

January 17, 1975

Hunt refuses the Government proposal for participation, but offers a counter-proposal in the interests of finalising a long-term stable arrangement.

February 1975

Hunt submissions to the Select Committee on the Petroleum Act are successful. Hunt is exempted from certain new provisions of the Act, which is in line with assurances given by the then Minister of Energy and Mines, Fraser Colman.

April-November, 1975

This period is spent drilling for Shell BP Todd, but Hunt licences expire on September 30, 1975. Under the circumstances, it is necessary to negotiate a participation deed with the Government, as there is not enough time left on licences to allow for drilling.

But in Hunt's view this is to be the final alteration to the deal so that New Zealand receives her "fair share" and will stabilise the relationship for the long term.

At this stage, the tax system is the same — certainly favourable enough to encourage high risk exploration investment.

Hunt agrees to let the Government corporation have 51 per cent of production in exchange for paying 40 per cent of exploration costs and 51 per cent of development costs, as well as other undertakings from the Government that there will be no changes to existing licences.

On expiration of the existing licences, new exploration licences will be issued to Hunt on parts of the original area as selected by Hunt.

The new licences will call for a royalty of 10 per cent on wellhead value, and 40 years on production licences. These are contractual obligations with the Crown.

October 1975

Hunt's New Zealand representative and solicitor has an interview with Muldoon, explaining that a new deal in oil is about to be signed with the Labour Government, and asks whether, in the event of National's being elected, the deal would be honoured.

Muldoon replies that he does not have full details, but is aware of the negotiations and can see no reasons for changes. Hunt now believes it has agreement with the Government that would be satisfactory to all parties in the long term.

March 1976

The first Minister of Energy for the newly-elected National Government, Eric Holland, signs all participation deeds. By this time, one well has been drilled and another is under way.

September 1976

Holland announces a $3 a barrel oil levy, and a 45 cents per therm levy on gas.

October 30, 1976

Hunt says it must leave the country if the levy is enacted, as it would be a breach of all previous assurances, understandings and undertakings.

It would also alter negotiated entitlements and make it impossible for the company to continue its effort. In the instance, it felt compensation to redress the wrong was in order.

November 1976

Muldoon withdraws the levy.

November 14, 1976

Hunt writes to Muldoon stating that it will continue its contractual obligations. "However, if our total deal is going to be altered in any way in the future, or Government is not happy to honour that deal, then please say so now before more money is spent and we'll quit now because we can't continue if the deal is changed," Hunt in effect said.

"If we don't hear from you that the deal will be changed, we will proceed on the assumption that there will be no change to Hunt's entitlements, nor further abrogation or deterioration of Hunt's rights."

FRASER COLMAN . . . assurances

November 16, 1976

Muldoon replies saying, in effect: "Thank you for going back to work; your letter has been referred to officials." Hunt now considers the letter was "diplomatic language" but not "plain English".

June 20, 1977

Officials propose a new tax system, royalty and price criteria. They will involve an increased rate of income tax, reduce write-off of incentives, raise the royalty take and reduce the price of oil sold internally.

August 1977

This is rejected by Hunt. If made applicable to Hunt's licence, it would be contrary to previous undertakings, and would materially alter Hunt's entitlements to its detriment.

February-March 1978

Officials propose a new system to raise tax, reduce write-offs, raise the royalty and reduce the price.

March 1978

This is also unacceptable to Hunt for the same reason. The Government appears determined to enact the changes and make them applicable to Hunt.

August 1978

The Government no longer has credibility with Hunt (and, it believes, its partner Phillips Petroleum). It threatens to alter undertakings and entitlements through unilateral legislation, which is regarded as a direct abrogation of the company's rights and a "de facto nationalisation" of its rights and entitlements in New Zealand.

ERIC HOLLAND . . . announced levy.

December 1978

The Penrod oil rig and the two support vessels leave New Zealand after drilling a well for Aquitaine, the French state oil company.

January 1979

Resident manager John Tatum and geologist Jack Lichtenwalter return to the United States.

Watties report

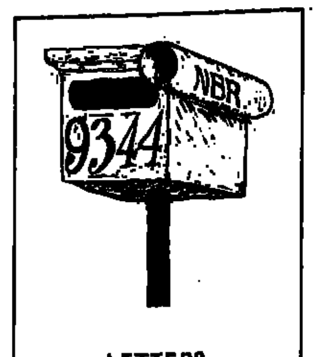
I HAVE been interested to read the comments made by Mr Peter O'Brien in a partial analysis of our annual report and accounts on page 16 of your December 20 issue.

The statement in our review relating to competition, particularly in relation to the food industry, was factual, but general. In the more detailed commentary on food products which followed in our review, I believe we provided ample coverage of the good and not so good aspects of "food" production over a wide and diverse range. It did not occur to me that the statement in question would be related in total to our reporting on the food segment. The options of presentation are wide and the review has to be kept to readable length.

We try to present information in reasonable depth and this is acknowledged by Mr O'Brien. The interpretations and comments which reviewers regard as important and extract from this information will vary considerably. We expect this and we accept comments on performance thus extracted, but find it hard to accept the broad criticism that what we have said is "misleading" and what we have elected to say out of the many options open to us avoids doing the reviewer's analysis for him. NBR is not doing our work for us, but is doing its own work as a responsible financial critic.

Having said my little piece, may I express appreciation of the informative and readable standard of your publication over the last year and wish you every success for 1979.

D F McLeod,
Wattie Industries Limited.



LETTERS

Smoking and health

I BELIEVE it is necessary to clarify certain observations attributed to a DSIR Information Officer in your editorial comment of the December 13 issue relating to L F Doolan's reply to Belinda Gillespie's article entitled "Good Healthkeeping".

The gentleman's contention that the tobacco industry employs its own reputable scientists to counter the claims of anti-smoking research is erroneous and quite incorrect.

It is certainly true that industry scientists are reputable, but their scientific research activities carried out mainly in the UK and USA are confined entirely to seeking the truth concerning the alleged harmful effects of tobacco smoke. Their work, and also the scientific research financed by the industry on a very large scale, is not designed to disprove the claims of anti-smoking research, but rather to establish whether any one of these claims, as related to man, can be supported by factual scientific evidence.

That this be done is essential, because to date such scientific evidence does not exist, and the claims against smoking continue to be based entirely upon statistical deductions to which great weight is added by emotional overtones.

In countering the claims of anti-smoking activists, the industry is able to rely upon the opinions and findings of many reputable and eminent scientists who simply do not subscribe to the view that the case against smoking has been proved, and, furthermore, these people are not necessarily pro-smoking but pro-science.

J P Wild,
Corporate relations manager,
W D & H O Wills.

Honourable prescriptions

YOUR Good Healthkeeping columnist writes of doctors prescribing drugs to "terminate the interview with honour; if the drug does no good, it will do no harm either". NBR, January 24. A mild, and in my view reasonable, criticism of some GPs.

Does addiction to tranquillisers, etc, start with an "honourable prescription"? Especially, for example, among patients whose primary problem is alcohol (a fact they're not likely to volunteer during the interview), which means of course that alcoholism, one of the world's greatest mimicking diseases, may remain undiagnosed except by those doctors who are prepared to look closely for the symptoms, the first of which is denial.

Alcohol and some common tranquillisers have a compounding effect, since both operate on the same part of the brain — totally bad news for the alcholic (who may well be completely unaware of his alcoholism without searching probing questions from an informed GP) and double addiction may so easily result from the "honourable" prescription.

In such cases, criticism should, in my view, escalate from mild — to trenchant.

W M Knight,
Wellington.

WSTEC opens Auckland office

THE Western Samoa Trust Estates Corporation (WSTEC) established its first offshore base in Auckland last month in a move to promote New Zealand-Samoa trade.

Richard Martin, ex marketing man for New Zealand Wire Industries, was appointed New Zealand manager.

WSTEC is a quasi-Government body, chaired by Samoan Prime Minister, Tupuola Efi. It was set up to administer the German interests in Samoa expropriated by New Zealand after World War I. With 3,000 employees, WSTEC is Samoa's largest employer after the civil service. Its interests range from coffee, copra, and cocoa plantations, to soap manufacture, timber mills and horticulture.

WSTEC's net profits soared by 213 per cent last year after it received record prices for its copra and cocoa exports.

The corporation operates a handicraft shop and an Island food outlet in Auckland's newly opened Samoa House.

Samoan handicrafts will be retailed in the WSTEC shop as well as being wholesaled to local distributors. The Island products shop will handle Island foods and traditional New Zealand products.

Martin said he expected imported Island foods initially to be the biggest earner. In addition to traditional Island fare — breadfruit, yams and taro — WSTEC would import or supply to local importers fruits such as pineapples, coconuts, bananas, and mangos.

WSTEC also acts as an importing agent, wholesaler and retailer in Samoa, and Martin said he would be developing this third-party trading aspect, dealing direct with New Zealand exporters to Samoa from his Auckland office.

Samoan handicrafts are another area Martin wishes to develop here. But high New Zealand duty levels pose a problem. Even in cases where the fabric for Samoan lavalava had initially been imported from New Zealand and then printed and made up in Samoa, the garment attracted a 45 per cent New Zealand duty. To circumvent this duty, Martin said he had considered setting up a cut, make and trim operation here.

An open letter to Olav Gundelach of the EEC

Economics Correspondent

FINN OLAV GUNDELACH, the European Economic Community Commissioner for Agriculture, is visiting New Zealand to discuss the Community's Common Agricultural Policy (CAP) and New Zealand's relation to it. Many pundits expect him to bring bad tidings for further cutbacks in New Zealand butter and cheese quotas.

Conventional wisdom suggests that trade with the EEC, especially in dairy products, is vital to the success of New Zealand's economy. The following open letter to Gundelach argues for less rather than greater access to markets in Europe.

Dear Mr Gundelach,

You may wonder at the extent of New Zealand's howling about being cut off from its traditional market, Great Britain. Think of it as similar to Brer Rabbit's howls of protest: "Please, please, kill me, torture me, do anything you want to me, but don't throw me into the bramble patch."

Like the wise rabbit, the Government could have an ulterior motive when it cries: "Let us trade with the EEC, even if it kills our economy (and burdens yours) in the long run. Please, please don't throw us to the Asian wolves."

The Government secretly knows that New Zealand's trading future lies in Asia (and the Pacific), but it doesn't want to be seen to make that decision.

The decision lies in your lap.

Despite the Government's statements to the contrary, the EEC is becoming of decreasing importance to New Zealand. In 1965, nearly 68 per cent of the value of our exports were sold to the United Kingdom and the EEC. By 1977, we sold just over 32 per cent of our exports to the EEC (including the United Kingdom).

And we have never imported as much from the EEC as we export. In 1965, around 43 per cent of the value of our imports came from the United Kingdom and the EEC, reducing to about 26 per cent in 1977.

Today, the patterns of our exports are diverse. Manufactured exports go mainly to Australia and other Pacific Basin countries. Forest products go to Australia (pulp and paper) and to Japan and Korea (logs and wood chips). Fishing exports go to the United States and Japan. New Zealand's growing horticultural trade fills the off-season gap in many countries in the Northern Hemisphere.

The trouble is, despite remarkable progress towards diversification from what was a narrow product and market base, New Zealand's balance-of-payments problem is chronic.

One reason our balance-of-payments position has not improved more quickly is fast growth in invisible payments. Invisible payments are payments for services such as transport and insurance for traded goods. As the Planning Council pointed out in its report, New Zealand and the Economic Community, "since 1973, there has been the problem of absorbing much higher external transport costs to the very distant markets supplied by New Zealand pastoral exports".

The EEC is one of the major distant markets supplied by New Zealand pastoral exports.

Our failure to develop new markets for our pastoral agricultural products has led not only to larger than necessary invisibles payments, but may also be the cause of a slowing in the growth of pastoral output. As pastoral products still provide a majority of our export trade, this could have a serious impact on our future trade position.

You don't need to be told about the cautious nature of farmers. In short, farmers throughout the world are known to be risk averters. It's not that they wish to avoid maximising their profits, but they have a strong aversion to losses. Farmers come by this trait naturally enough because the vagaries of climate and markets make farming more risky than many other enterprises.

One way to eliminate risk and keep farming confidence up is to make agreements with overseas countries which insure a certain quota of the crop will be purchased each year. While initially these quotas act to give farmers a little certainty, in the long term they contribute to a false sense of security as the pattern of world demand changes.

The New Zealand Government has learned that it must develop new markets through hard experience. But just in case attempts to develop new markets fail, the Government is spending a great deal of energy getting our traditional markets like the EEC to agree to maintaining levels of our traditional exports.

For example, an analysis of our submissions to the EEC shows that the Government is no longer arguing for an increase in our dairy exports to the EEC, but would like a set entitlement agreed to as soon as possible.

Why should the EEC become the protector of the New Zealand farmer? The arguments for this have been largely emotional. New Zealand is described by the Planning Council as belonging to "the wider European tradition...reflected in a common attitude towards the preservation of democratic institutions, towards legitimate needs of the developing countries, and towards issues of global peace and security...it is a partnership which has political meaning for both sides."

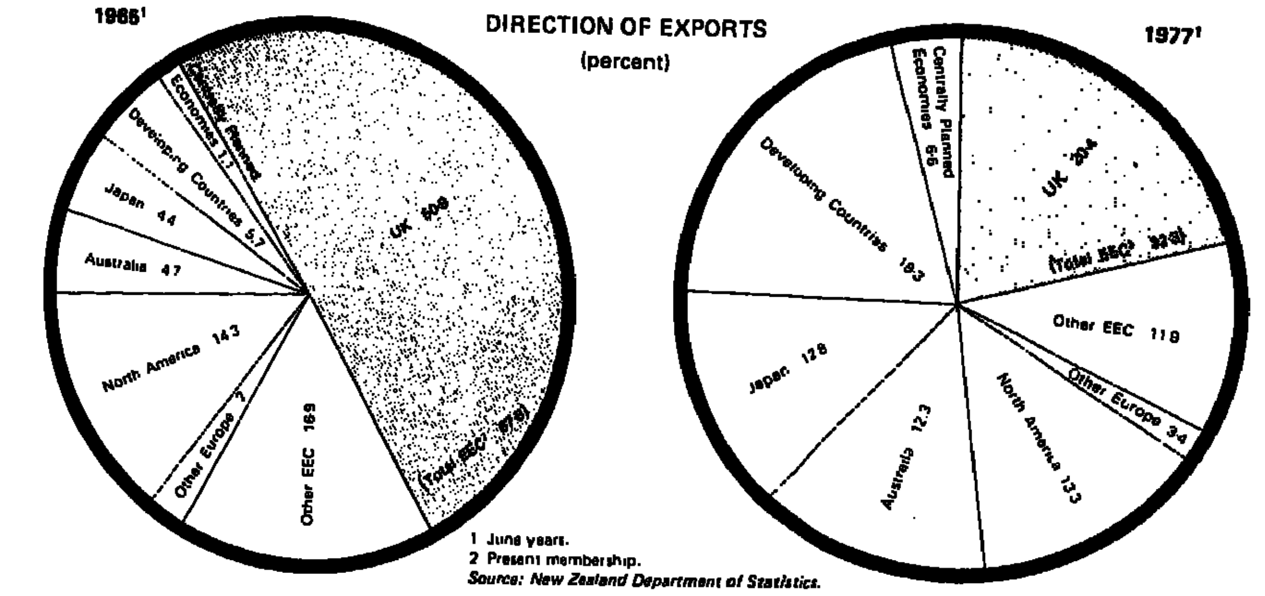
Another common argument is that New Zealand farmers are subject to risks which make them worse off than farmers in the EEC. It is the EEC's responsibility, given its awareness of the problems of farmers, to help out our farmers.

Is it isolation alone which causes New Zealand farmers to think their lot is worse than that of farmers in the EEC? True, the nature of grassland farming with relatively little reliance on conserved feedstuffs means that our meat production is greatly affected by the weather. But after all, it is the relatively mild New Zealand climate which makes it possible for farmers to even consider the possibility of relying on grass feed year-round.

Would farmers here change professions if they had to suffer the extremes in climate taken for granted by their European counterparts?

The emotional energy spent on maintaining access to the EEC has kept the Government from putting the required energy into developing new markets where more substantial progress can be made in solving our balance-of-payments problems. And the solution to these problems holds the key to solving the New Zealand economy's structural problems.

DIRECTION OF EXPORTS (percent)



1 June years.
2 Present membership.
Source: New Zealand Department of Statistics.

Please do not allow the Government another opportunity to avoid facing the long term structural problems in the economy. These must be faced before the costs of change become great. Already, unemployment at an officially estimated level of nearly 55,000 probably represents 10 per cent of the workforce when unofficial unemployment is taken into account.

The task of determining appropriate directions for future development in new circumstances is made more difficult by the expectation that Europe will always come to our aid. Tell us the hard news now. Force us into the bramble patch of new markets.

Chances are we will find the going easier than we expected. And recovery from our thorny structural problems might finally become a reality.

Yours faithfully,
Economics Correspondent.

Sweeping changes for brush manufacturer

Christchurch Correspondent

SHAKING the theory that the economic drift of southern manufacturing to the north is inevitable, a Christchurch manufacturer has given Auckland the brush-off.

Canterbury business circles have long been worried about the concentration of population in the Auckland metropolitan area and many have responded to the long distribution pipeline by shifting factories closer to their biggest market.

It's been a move that has often removed the headache of dispatching goods across Cook Strait, often described as the "most expensive strip of water in the world".

But in the case of Christchurch brush manufacturer Bunting and Co., the move north was a mistake.

Buntings moves timber from the forests and mill of a Southland subsidiary to Christchurch for shaping into brush handles. Some of these were used in Christchurch to produce high quality brushes for the painting market, and others were dispatched to Auckland for use in the output of general purpose brushes.

The company has decided that its modern Auckland plant, a five-year-old 65,000 sq ft establishment at Papakura, is now unnecessary and it has carried out a lightning re-location of machinery to its new 50,000 sq ft Christchurch factory over the holiday season.

Switching some of the 20 brush-making and plastic injection moulding machinery south took only a matter of days, with almost full working weeks achieved in different cities with the same plant.

Machinery worked at full capacity before being transported south — to avoid inability to service demand in the eventuality of delays — but the transfer was made at surprising speed. Buntings had expected to complete its transfer of machinery by the end of February, but bettered that date by a month.

The decision to close the Auckland factory was made on November 22, soon after sweeping management changes which saw former managing director Dave Sanders become a consultant to the firm. Papakura manager Des Carter became group general manager, located in Christchurch.

Carter began the process of winding down in Auckland, and with modifications and scrapping of obsolete plant, the entire manufacturing unit is under direct control and closer to the source of raw material.

Buntings' deputy-chairman Ken Grenney maintains that the company is investing in the future . . . which critics might argue is what the company claimed in 1973 when it decided to open an expensive Auckland factory. Grenney points out that in the mid-1970s the country was enjoying a population growth rate which justified the move north. Economic circumstances have altered for the worse, with the population now merely snailing upwards.

By 1978 there was no justification for the operation of two million-dollar plants by a company with gross profit of $3.5 million. Papakura employed 90 people. With some engineering and administrative staff accepting a universal offer for re-location in Christchurch, staff will total about 120 and productivity is expected to rise.

Establishment costs at Auckland were high, and building a skilled work-force took time. The re-location means further costs including redundancy payments to about 70 employees and freighting of equipment.

Grenney concedes that these factors will hold Buntings in the red, where it has been for recent months. It has only just completed an expensive re-location of its Christchurch base from an inner-city site affected by motorway plans. Coupled with the reduced demand for brushware the

COMPANY CLOSE-UP

Christchurch factory move depressed profit to only $197,691 in the February 1978 year, and a net loss of $80,763 was sustained in the August half-year.

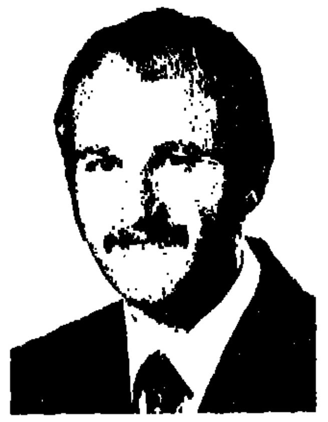
That was a trading loss, and Grenney explains that the loss expected for the current half-year is not a trading loss but only caused by the further disruption.

Accounts to February 28, 1979 will benefit not only from a realised capital profit of $73,000 arising from sale of surplus land in mid-78, but also from progress payments of $309,000 from the Ministry of Works and Development towards the disturbance claim arising from the compulsory shift of the Christchurch factory. Another payment — the "wash-up" claim" — will be lodged when the current year's accounts are available and may not show this year.

These profits will show in the accounts in the 1979-80 year when Buntings anticipates a return to profitability.

"We are reducing our investment in land and buildings, and our associated costs by centralising our operation," said Grenney. Although it will be more difficult to service the Auckland market — a sales office, export headquarters and small warehouses will be maintained in Auckland — exports will be unimpaired.

The Lyttelton-Pacific Island service has come in for its share of criticism in recent weeks by Canterbury manufacturers, but Buntings sees no chronic problems,



DES CARTER...began winding down process

There must ultimately be added to Buntings' coffers the capital profits arising from the sale of the Auckland factory which has been advertised. A rapid sale is not anticipated, with Buntings apparently adamant that this major asset will not be sold at bargain levels. Book value is $950,000, with market value well over the $1 million mark.

while the burgeoning business it has created in Australia should be well served from Christchurch.

Buntings is most optimistic about its Australian subsidiary T Pollock and Sons Pty Ltd which has made sales gains in traditional painters' brushware and penetrated the general brushware market.

Sanders and company chairman Dr W W J H Harbutt have made sales forays into the United States and Europe in recent months and trial shipments have been dispatched. American and British firms have shown interest in acquiring brushware for the milking industry.

Merger proposals were studied by Buntings in late 1978 when Talus made an overture, but it was found that few benefits would have accrued and both parties called off discussions.

But with the share price hovering round the 60c mark, the housework by the Bunting board may have dusted off an interesting situation.

Charting river rise and fall by computer

A COMPUTER-BASED electronic flood warning system developed in Gisborne may lead to considerable savings and eventually to opportunities for higher production in vulnerable catchment areas.

The system is particularly suited for rivers which rise and fall rapidly, as they do around Gisborne and on the East Coast of the North Island. It has potential use in many other catchments around New Zealand.

Equipment used by catchment boards does not provide information quickly enough or in a sufficiently digestible form for confident, early predictions of the course of a flood.

To obtain and process one set of river flow data for its Waipaoa catchment area, for example, now takes the Poverty Bay Catchment Board the best part of an hour.

A river can rise from normal to a flood peak with five hours in that catchment. An hour's delay in information means that board officers must base advice to those affected by a flood pretty much on an intelligent "feel" for what is going on.

As the board's senior technical officer, Greg Hall, puts it: "You can forecast a peak and find that it has already happened."

The new system, which the board claims is as advanced technologically as any in the world, will enable a full picture to be obtained every two-and-a-half minutes, by radio "interrogation" of a series of automatic recorders.

By setting this information against computer-processed data collected over 20 years on previous floods, the board will be able to predict with a high degree of confidence the course of a future flood.

Hitherto, the board has relied on mechanical measuring devices, attended by observers, mostly farmers who understandably get testy taking half-hourly readings at 3 am.

Costly cylindrical float and counterweight arrangements (those huge "tubes" you can see here and there sticking out of rivers) record river depths (or "stage") on charts. The cylinders must be emptied of silt by hand frequently and the charts must be changed by hand.

In emergencies, a trip mechanism can warn board officers when a river rises beyond certain levels. In some cases, the recorder can also be "interrogated" by telephone from the base, but with a delay of more than two minutes before the information comes back each time, it can take nearly half an hour to interrogate all sites in a catchment.

Much the same applies to existing rain measurements.

The system relies heavily on telephones, which can be an early casualty of a flood. And even when collected, the information must be laboriously converted by hand into a usable form.

Frustrated by these limitations, the Poverty Bay board looked overseas for an electronic system, but the cheapest quote was $96,000 (and that some three years ago).

Hall, therefore, called in a local television transmission engineer and electronics designer, Keith James.

The result is a relatively cheap, durable system which uses recently-developed solid state electronic pressure transducers to measure water pressure — on the principle that the higher the pressure measured the higher that indicates the water surface is above the measuring device — and convert that measurement into voltage which is processed into a suitable data format for transmission by radio-telephone to the computer at the base.

Solar-charged battery-powered gauges provide similar information on rainfall.

The information is continuously available from the recorders which can be interrogated in preprogrammed patterns — to deal with different patterns of flood development — by the computer. They can also be interrogated by base personnel.

The equipment can be set to give early warnings to the base of rainfall or river rises.

Being immediately processed by the computer, the information is also available instantly in digestible form. And, being continuous, the information is more complete than manually-collected data.

The catchment board has extensive records of the performance of the Waipaoa catchment and the Waioeka-Otara catchment which flows down to Opotiki, going back 20 years to the disastrous 1948 Waipaoa flood.

But this information is largely unprocessed and therefore useless. By feeding it into the computer, the board will have readily accessible profiles of past floods and be able to devise model "synthetic" floods as bases for predicting the course of future floods.

It should also obtain a better understanding of the true value of its slide-rule-designed flood control schemes, which in the case of Waipaoa now protects huge horticultural investments (including, increasingly, long-term plantings, such as grapes), and a clear idea of whether, and how, they need to be improved.

The potential applications, however, go far beyond flood control. Bridge design, for example, now must include a safety margin to take into account the unknown. Better knowledge of river behaviour should enable these margins — and so the cost of bridges — to be reduced.

A better idea should also be obtainable of the value or otherwise of the extensive reafforestation and soil conservation work in the area.

And knowing how rivers perform should enable the board to discharge its water rights administration responsibilities with much greater precision.

For the first time, for instance, it will have data on periods of low flow, and thus a clearer idea of when controlled distribution (rationing) is necessary and how it can be fairly administered, especially in times of sudden changes in the river level.

An early application will be in setting minimum flows for the proposed Motu river scheme.

The rugged nature of the terrain along much of the river's course precludes the collection of data except by expensive tramping expeditions.

Now, instead, the board will be able, for a fraction of the cost, to position automatic solar-powered rain gauges into the valley by helicopter.

The board also intends to collect meteorological data throughout the region. Apart from helping the board to predict the floods before they start, these data will be of use to other organisations, including foresters, in charting exploitable differences in microclimates.

Deputy chief engineer Andy Armstrong says the new system will enable the board to do things it is charged to do under its act, but does not have the resources or the manpower to do now.

It also offers considerable savings in the efficient use of resources. At one level, farmers and roading engineers will know much more clearly when to take action and when not to bother. False alarms now cost a lot of money.

At another level, it will enable farmers and other producers to exploit opportunities for productive investment with greater confidence.

Armstrong is sure the initial cost will rapidly be recouped by the community at large, even on the basis of the foreseeable benefits — and he thinks it likely the system will eventually be useful in ways as yet unforeseeable.

A BACKWARD GLANCE

An occasional series by Grev Wiggs

THE growing importance of retail business to the ad agency today recalls the time when some local agencies were deeply interested in the retail field. There was no commission payable, of course, so the sole source of remuneration was the amount that could be negotiated in copywriting fees. As these ranged from as little as seven shillings and sixpence a copy change, one wonders how agencies could support whole retail copy departments with from six to 10 staff. The simple answer was throughput. A good retail writer could produce around 30 ads a day and receive up to three pounds a week for his pains.

The key to operating a successful retail department was a subscription to an advertising illustrations service. The illustrations covered every kind of retail business and the accompanying mats provided the block service which, literally, was the department's stock in trade.

Each writer had a portfolio of clients. As details of the requirements for the next copy change came in, the writer would locate a suitable illustration, work out his layout and write the copy. After use by one retailer, blocks were returned by the paper, filed in massive block cabinets and used again and again for other shops in different towns. Newspapers issued "fixed space" rate cards which encouraged advertisers to take the same sized advertisement on a regular frequency, from weekly up to daily, at most attractive rates.

In these pre-depression days, the retail business was flourishing and many who later became well-known industry figures cut their advertising teeth catering to the needs of the retailers. For copywriters it was an invaluable and unforgettable training period. Selling was the name of the game. The day after the ad appeared you knew whether yesterday's masterpiece was ringing the cash registers or tolling your ineptitude.

Len du Chateau and I worked together in Goldbergs' retail department and indulged in many unofficial contests for the most deathless prose of the day. Ginger Russell, later an ad manager in New Plymouth, would be known to senior agency men. Charlie Proctor, the manager, was a genial fixture. We had a woman copywriter, Vi Jones, in those far off days.

At Ilotts, where I later served, Stew Duff, for years now a respected Wellington councillor and long retired from Dormer Beck, was the hot-shot salesman who brought those contracts back from the sticks.

Laurie Webster was manager and the names of Len Black and Bob Stewart would find an echo in governmental and radio advertising circles.

So agencies, for different reasons and on a different scale, are again foraging for retail accounts. Nothing is more cyclical than this agency business.

ADMARK

The saga of imported commercials

THE argument about the importation of TV commercials still wages merrily and is likely to do so until some Government regulation defines the situation, or there is a closer reconciliation of points of view between the film-makers on the one side and those who commission commercials on the other.

Admark has presented the evidence garnered by the Association of Accredited Advertising Agencies (NBR, August 16, 1978) and opinions expressed by the president of the Association of New Zealand Advertisers (NBR October 18, 1978). These have drawn fire from the film-makers and we now willingly present the industry's point of view as expressed by John Reid, president of the NZ Academy of Motion Pictures, an organisation which draws its membership from all those engaged in any aspect of film-making.

The figures produced by the 4As showed that of the year's crop of new commercials made for its members, 84 per cent were produced in New Zealand. "These are only raw figures," said Reid, "and include quick, oncer commercials made by TV channels for retailers. The production value (cast, complexity and cost) of imported commercials is almost always greater than their local counterparts. There is so much more to be gained by our industry in tackling this type of production. When, in Australia, overseas commercials have to be duplicated by local talent and with local resources, a valuable learning experience is provided. Here, New Zealand agencies and manufacturers criticise us for lack of experience but fail to provide the opportunities to acquire it. It's a sort of Catch 22 situation."

In advocating a 100 per cent ban on imported commercials, Reid still sees the need for some exceptions. "A commercial for Jaws 2 would be an example."

Reid would also like to see some control over conditions which weigh heavily against New Zealand production teams.

"If Air New Zealand, for example, wants to shoot some Australian scenes for a commercial, it must use Australian crews. But if Qantas wants to shoot in New Zealand, it can bring a complete Australian crew here without restraint. Similarly, Australian crews can be brought here to film New Zealand commercials but we are simply not permitted to operate in Australia."

Needless to say, the New Zealand film-makers are hotly opposed to foreign-based production houses being used to produce New Zealand commercials, especially when the clients are Government departments, political parties or public corporations.

And they view with a jaundiced eye the production of commercials by Government TV channels at what are described as unrealistic rates — a situation which is currently being challenged by legal action.

The film-makers' position is clear. "We are forced to compete with imported film productions which are themselves the result of long-standing protectionist policies," said John Reid. "We are at present operating at a disadvantage and we simply seek to put it right."

Admark finds it difficult to support the argument that the film industry's future lies in suppressing competition and, with Government support, achieving a monopolistic situation.

At the same time, the fair-minded will agree that when the situation in reverse is used by Australian production houses to invade New Zealand territory without fear of reprisals, it is time to amend the rules so that unfair competition is eliminated.

Holden Premier: last of a luxury line up?

Motoring Writer

BEHIND-THE-WHEEL

GENERAL MOTORS New Zealand Limited released the latest, and probably last, model in its full-sized Holden range some months ago.

The range includes the Kingswood, Premier, GTS, utilities and Statesman models. Sedan or wagon options are available on the Kingswood and Premier.

The latest range with the HZ designation features the radial-tuned suspension improvements, first seen in New Zealand with Sunbird.

What RTS has done to the Holden range is to transform a range of cars that had a reputation of stodgy handling and mediocre ride to a car that now excels in these areas. We can only wonder why it took so long to make the improvement. Seven years in production is a long time to develop a suspension to complement a general design that has proved itself in the face of stiff competition.

The Holden Premier from the HZ range has as standard automatic transmission and power steering. Engine size is optional. As with the whole range there is the simple choice between the 202 six cylinder, or the 308 five-litre Vee Eight.

General Motors' public relations manager seemed apologetic that a Premier with the five-litre V8 motor was being provided for NBR's road-test; she was concerned that economy might be a feature of the test. But if you can afford the $14,043 list price, you won't care that petrol costs 31.6 cents a litre, if your expense account meets running costs anyway.

The majority of these cars will be business purchases, with all costs met by companies.

The road test proved, surprisingly, that the five-litre motor is economical. We covered 625 kilometres, using 94 litres of petrol (18.8 miles a gallon). That's a tolerable thirst, and 20mpg or more is likely for the sedate driver keeping within speed limits.

The Premier has always used the same body as the more basic Holdens, so it will not stand out in a crowd. Closer inspection will highlight the differences, which include four effective quartz halogen headlights, trims, large bumper over-riders, wheel trims and different badges.

One of the few exterior body changes to distinguish the HZ from the previous model is the new boot lid, with its squared-off profile. General Motors' sales brochure describes it as a sculptured rear deck lid. But it fails to blend in with the existing rear-end styling, little changed since 1971.

The interior of the sedan gives a spacious impression and the front bucket seats give the feel of your favourite arm chair. The driving style that goes with these seats is relaxed and comfortable, giving support in all the right places.

The seats have no height adjustment, a feature that should be included in a car of this type. Each time I got into the driver's seat, my legs were squeezed between the top of the seat cushion and the base of the oval steering wheel.

Rear-seat passenger comfort is excellent, with the seating, basically, for two adults. All seats have nylon inserts (GMH has yet to offer full cloth seat covers). The mixture of vinyl and nylon is an obvious concession to durability, but in a car like this, covers would be more appropriate.

The Premier had deep pile carpet, the only interior trim feature that lets the occupants know they are in the top-of-the-range model. General Motors could learn a lot in this area from its Australian rival, especially with the Ghia Cortina. The Ghia has cloth seats, large amounts of wood veneer and tinted glass.

Lack of tinted glass, indeed, is a surprising omission. Even GM's Gemini range has this as standard.

The instrumentation, which is adequate, includes clock and temperature gauge, and speedometer.

The main light switch is located on the dashboard, next to one of the heater-ventilation controls. High beam, indicators, wipers and washers are on the one steering-column stalk.

The only feature in this department not common in other makes is the intermittent wiper control. A simple knob varies the elapse time between blade sweep up to 18 seconds, excellent for light drizzle or road spray.

Driver visibility is excellent, and is assisted by the rear window demister and narrow front-screen pillars. Large mirrors complement these points.

The power steering and RTS make this large car easy to handle. The power steering facilitates city parking in places barely larger than the car itself.

Handling is excellent at all but illegal and dangerous speeds, and it is only then that the RTS reaches its limit. It is important to note that when this limit is reached an unsuspecting driver could be in a sticky situation.

Steel-belted radial tyres — standard in the HZ range — give a higher grip quality than normal fabric radial tyres, but tend to give way when pushed beyond their limit. That limit is at a point where the driver is inviting trouble and using the car as a lethal weapon rather than as a means of transport.

With five litres beneath the bonnet, performance is what you would expect. A feature of the 308 motor and the T-bar turbo-hydramatic is that the car feels docile at lower speeds.

When pushed, a healthy deep roar penetrates the driving compartment, but is not obtrusive.

The test car was about five months old — time enough for poor workmanship to start to show. The paint work, except for the rear boot lid, was first class, no sign of rust anywhere.

The usual wash showed no water leaks, the general level of finish was high. But the inside door trims were coming away at window level, and the heavy side mouldings were not a good fit. This was evident when the rear doors were opened fully. This strip then came in contact with the protruding strip on the front doors.

The HZ Holden Premier has character. The surprisingly economical five-litre motor, its excellent road manners, smooth ride, visibility, comfortable seating and clean appearance, combined with a competitive price, make this car an attractive proposition.

The overall package is a little spoilt by similarities to lesser models in the HZ range, but the Premier should be considered seriously when significantly more expensive and complex vehicles are contemplated.

Airline booking link-up

VIDECOM, of the United Kingdom, in conjunction with Broadlands Computer Services Ltd, is offering New Zealand travel agents a computerised multi-host terminal system which will link various airlines' computerised booking systems with the travel agent's desk.

The New Zealand company, Videcom Travel Systems Ltd, will establish linked computer centres in Auckland, Wellington and Christchurch.

Into this central processor unit will be fed data from the airlines' computers, and from other travel-related companies such as tour companies, credit card companies, travel insurance systems, and inland travel operators.

The local travel agent buying into the system will have his own leased terminal linked to the Videcom central processor through a leased Post Office line.

By typing out the code for any participating airline on his terminal the agent has access to that airline's own flight information displayed on his terminal's screen.

After choosing a flight or series of flights for his client, the agent types this and the required passenger information on his terminal, hits a key, and the reservation is made.

Negligence cover to be compulsory for lawyers

THE New Zealand Law Society is planning a compulsory scheme of professional negligence insurance to cover the legal profession.

It will be the first insurance scheme in New Zealand to cover claims based in negligence against members of a professional organisation.

Discussions have begun with insurance brokers and the Law Society Council will authorise the scheme at its September meeting this year.

Legislative changes will be necessary to give the NZLS the powers to implement the scheme.

The NZLS will soon begin preparing a second draft of a new Law Practitioners' Bill which will include a clause giving the council the power to compel members to take part.

The trend toward compulsory insurance for members of professional bodies has been significant overseas in recent years. But for New Zealand the concept is new.

Claims based in negligence are increasing both here and overseas and people in all professions are at risk.

Law societies in London, Scotland, New South Wales, Queensland and some Canadian provinces have introduced compulsory schemes recently. And the NZLS considers the introduction of a scheme here to be a "healthy and necessary" move.

"There is no undue worry at present regarding negligence claims in New Zealand," said W M Rogers, general secretary of the society.

He emphasised that growth in the number of claims overseas is a trend that has led the council to adopt the position that the profession owes it to the public to ensure that all its members are covered for a minimum amount.

Law Society estimates show that already some 85 per cent of members are covered against negligence. But there are doubts as to the adequacy of the cover in some cases.

Some 15 per cent have no cover.

According to one large firm of Wellington brokers, the number of claims made against those insured is substantial — "well in excess of 30 per cent" of those insured have a history of claims against them.


THE LAW

The society is considering a master policy operated by one or more brokers to cover all lawyers, including barristers, and prescribing a minimum amount of cover. Lawyers will be free to increase their cover over and above the minimum and "no doubt many will do this", said Rogers.

One broking firm said the majority of its clients from the legal profession had cover for $100,000, which these days should be the "absolute minimum". Some large commercial firms had cover of $2 million.

The principle of compulsory professional negligence insurance is accepted by the legal profession in England and Wales, but some lawyers have disputed the idea of a package scheme because of the high premiums.

In England many have said that if they had been allowed to carry on with their previous insurers, their premiums would have been lower.

The Law Society says that because claims lodged against lawyers in recent years have risen sharply, so have premiums. If a master policy scheme had not been developed in England, lawyers would have been horrified at the rise in their premiums.

The Wellington firm of brokers endorses this. Premiums are now high but claims have increased to such an extent that indemnity insurance is "not a lucrative field for underwriters".


W M RODGERS ... society looking for scheme to provide best cover

Little underwriting of this nature is done in New Zealand but the proportion may increase in the near future.

Rogers emphasised that the NZLS is not working toward a scheme which will be cheaper for lawyers. Rather, the society is looking for a scheme which will provide the best cover.

"Under many of the present covers there is an obligation on lawyers to notify the insurer of any act which could possibly lead to a claim being made. If he doesn't make notification he could possibly be precluded from the scheme," said Rogers.

Under the type of scheme the society is working toward, insurers would be required to insure every lawyer on an agreed basis and would not be entitled to refuse cover on the grounds of non-disclosure of events which might result in a claim.

The insurers would be required to cover all members of the profession regardless of whether their past history showed them to be good or bad risks.

The society is undecided about premium differentials. In the first three years of the London scheme, everyone was on the same premium regardless of claims history. But the NZLS would prefer a differential to be built in.

Rogers said this could result, however, in a situation of some bad risks being unable to afford the premiums.

PO pull plug on overnight cable service

THE Post Office introduced a major cutback in its international telegraph service before Christmas. But it has not officially announced the change.

Since December, the international telegraph office in Wellington has been closed to direct overseas links and the office closes from midnight to 7 a.m. every day. Auckland now serves as the international gateway for all incoming and outgoing cables.

A Post Office spokesman last week gave the assurance that there would be "no change in the service whatsoever". Because the public was not likely to be affected by the move — a simple transference of the switching function — it was thought there was no need for an official press statement detailing the changes, he said.

Early last July NBR reported that one businessman, had learned that change was in the offing. He expressed concern that closure of the Wellington office would mean that cables from overseas would sit at Auckland overnight until 7 a.m. when the inland office opened in Wellington.

Questioned on the future of Wellington as an international telegraph link, the PO at that time admitted the possibility of reducing the service "is at present being studied, but no decision has yet been taken".

Since then, the Post Office has gone ahead with its plans, because recent reviews of the services revealed a continuing decline in telegraph traffic in general, according to a spokesman.

The reduction in the number of international gateways was merely a "mechanical" consideration, facilitated by the availability of the necessary equipment.

Asked about possible delays resulting from a build-up of cables in Auckland, the official said cables would move through the system in the normal way.

But the Wellington businessman said he could cite instances of delay under the new system.

On one occasion a cable was sent from Wellington at 7.30 p.m., but London had not received it by midnight. The missing cable was in a pile at the Auckland office.

He claims that in its efforts to rationalise services, the Post Office has virtually removed the Wellington business community from direct overnight telegraph communication with the rest of the world.

NBR BUSINESS WEEK

Credit cutback: Govt reaps own harvest

by Peter V O'Brien

THE Government reaped its own harvest last week when Finance Minister Muldoon imposed tighter credit controls on the banks and financial institutions. The money that is to be taken out of circulation was put into circulation through Government action in 1978.

The economic "stimulation", which the Finance Minister says lifted "retail sales to a more satisfactory level", was overdone. A cutback in credit facilities was inevitable.

In his statement accompanying the announcement, Muldoon pointed to passages in the 1978 Budget as justification of the Government's far-seeing approach to sound financial management. In particular, he quoted the statement "in general, monetary policy will be adjusted as appropriate to protect the balance of payments and to assist a continuing reduction in the rate of inflation".

Is that catchall sentence to become the base for all Government reaction to its own excessive action in the monetary field? If so, then nothing has changed in economic management in New Zealand. Piecemeal policies on a short-term basis will continue as the only initiative applied to the country's problems, and we will fall further down the international ladder.

The new credit measures were accepted calmly because everyone who looks at these things knew they were inevitable. Bankers and finance people have been planning their strategies since the middle of 1978 on the basis that monetary policy would tighten early in 1979.

NBR noted (June 7, 1978 in its Budget coverage) that the Government would probably be willing to "take action to keep credit availability down during the expansionary phase" when discussing the Budget statement that the Government would fund more of its deficit from sales of securities to the public. Since that time, the deficit before borrowing has soared, and the New Zealand Savings Stock took near to $300 million from the public.

But Government action saw private sector credit expand rapidly, well above the flexible target announced during 1978. The latest Reserve Bank figures show that the growth in private sector credit was 25.4 per cent in calendar 1978, compared with a goal of between 10 and 15 per cent in the financial year to March 31, 1979. Given the outflow of tax in March when companies will lack the benefit of the stock adjustment allowance, the annual growth rate should come back substantially from the 25 per cent level.

The extraordinary part of Muldoon's statement last week was "almost all lending institutions have increased their deposits strongly and it is imperative that they should be discouraged from using this liquid base to further increase consumer spending by an undue expansion of credit".

Who provided the money whereby the institutions had a strong increase in deposits? Who set up a situation where consumers found they had the additional money necessary to make down payments on goods which were then financed by the finance companies? Who overdid the "stimulation" for the purposes of gaining kudos at the election? Anyone who cannot answer those questions is a public danger if they have access to a chequebook.

The Government's deficit this year is also receiving assistance from an interesting happening at the end of the 1977-78 financial year, which Muldoon has kept under wraps.

When the compensatory deposits scheme for the trading banks came into effect last March to ease the outflow of tax money, the deposits were paid in a lump sum and then repaid over the following three months.

The banks allowed most of their Treasury bills to run past March 31 and Government borrowing from the trading banks was higher than normal at that time.

At the end of the financial year, the Government purchased the equivalent of $140 million in foreign currency deposits from the Reserve Bank (79.1 million US dollars, 65 million Deutschmarks and 60 million Swiss francs, according to the Auditor General who analyses the transactions on page 93 of his report accompanying the public accounts for 1978). The foreign currency deposits were resold to the Reserve Bank on April 3, 1978. The Government also placed an interest-bearing deposit of $150 million with the Reserve Bank for one month at 1 per cent a year "the same rate as is charged by the bank on any overdraft on the Public Account".

The compensatory deposit scheme has been changed this year so the Government will not be in the same situation.

The result is that the means of financing the Government's deficit for 1978-79 (but not the level of the deficit) has been cut back to the extent of almost $300 million "before it starts".

No doubt this will be hailed as another example of economic wizardry when the accounts are published later this year, and we will be told again (as we were told last week in the Truth column "Rob Says") that "the Government knows what it is doing".

Analysing annual accounts

by Peter V O'Brien

ICI NEW ZEALAND LTD has produced another excellent annual report, to enhance its reputation for financial and corporate disclosure.

In financial terms, net profit after extraordinary items on an equity accounting basis increased only $64,000 to reach $5,154,000, on sales which fell from $118.6 million in 1977 to $117.2 million.

The company had a difficult year, in common with most industrial groups, so the final result was reasonable, even when a trading stock tax concession of $726,000 is taken into account.

The directors say that application of the Richardson committee's rules for inflation accounting would have lowered the profit before tax and extraordinary items by "approximately 23 per cent (to give profit attributable to the owners before tax in 'Richardson' terminology) and increase the value of total assets by 24 per cent".

It was noted here last year that the 1977 profit figure would have been adjusted 32 per cent downwards, while the value of total assets would be increased approximately 27 per cent.

Without full inflation adjusted accounts, it is impossible to explain the apparent paradox between the 1977 and 1978 changes (profit went down less in 1978 while asset value increased less), but the overall effect of inflation on different values and assets in each year is the probable explanation.

The accounts are straightforward, and include considerable detailed material. One item, which receives no comment in the text, stands out. In a note to the balance sheet "liquid funds" show an increase from $5.9 million in 1977 to $10.5 million last year. The company's cash on hand and in transit went from $26,000 to $408,000, bank balances and term deposits moved down from $3.9 million to $3.2 million, official money market deposits increased $2 million to finish the year at $2,150,000 compared with $100,000 in 1977; and "marketable securities" jumped from $1.8 million to $4.6 million.

The last item is left unexplained in the directors' report and in the report to shareholders. It is a substantial increase, and one which could do with further comment. The figure seems to apply to short dated, easily negotiable securities, particularly bills. Whatever the explanation, the solid increase had a substantial effect on ICI's liquidity.

The group's liquid funds, at $10.5 million, account for 12.4 per cent of total assets, compared with 7.1 per cent in 1977.

It is intriguing, but probably profitless, to speculate on what the group intends to do with this money, particularly as it seems well stocked, and has a reasonable fixed asset base.

The "rainy day" philosophy could be worthwhile in a year when liquidity is expected to tighten in the wake of the Government's economic "stimulation" of 1978.

Although the "current ratio" has to be treated cautiously (it is struck at 5 p m on a particular day), the change between 1977 and 1978 in ICI's ratio was relatively insignificant. Last year it was 2.23 as against 2.39 in 1977. The small difference comes from a drop in stock values and only a minor shift in debtors, which offset the jump in liquid funds. On the liabilities side, creditors increased $1.6 million, and other movements left current liabilities $2.6 million higher at $25.5 million.

An interesting table in the notes compares the contribution to net profit from the subsidiary companies, and the holding company's investment in those subsidiaries. The table shows that UPEC Industries Ltd (dealing in plastic pipes and profiles, polythene and packaging) contributed $263,000 to net profit from an investment of $1,021,000. That is a return of 25.7 per cent on investment, well ahead of the next best, which was 14.9 per cent from CAC Industries (ammunition, containers, and extrusions), and the third return of 14.4 per cent from the Dulux companies.

At the other end, Fibremakers produced only $186,000 to net profit from an investment of $4,600,000. The return of 4.04 per cent ties in with a comment in the text that "the demand for both nylon and polyester yarns and fibres was relatively weak throughout the year".

The company has included two interesting graphs in the report, to illustrate "financial strength" and "resource utilisation". The former shows the gearing, current ratio, and quick ratio (current assets less stocks to current liabilities) since 1974. The resource utilisation graph sets out sales per employee, sales per $100 of fixed assets, and the relation of working capital to sales, again for the period since 1974.

In 1978, ICI's sales per employee were $57,000, compared with $53,000 in both 1977 and 1976. The 7.5 per cent increase was below the rate of inflation, as was the 2.2 per cent movement in sales per $100 of fixed assets. That amount was $455 in 1978 and $445 in 1977.

The relationship of working capital to sales fell from 25.5 per cent in 1977 to 23.4 per cent. The availability of these figures assists sensible analysis of the company's affairs. Other companies could help shareholders and outsiders by adopting similar disclosure principles.

Exchange rates

Exchange rates as at 1 February 1979. $1NZ is worth:

Australia	.9274
Britain	.5275
Canada	1.2537
Fiji	.8665
Japan	210.23
West Germany	1.9491
USA	1.0463
Austria	14.25
Belgium	30.58
China	1.6553
Denmark	4.3639
France	4.4691
Greece	37.73
Hong Kong	4.9608
India	8.5713
Italy	875.45
Malaysia	2.3003
Netherlands	2.1032
New Caledonia and Tahiti	81.17
Norway	5.3483
Pakistan	10.31
Papua-New Guinea	.7276
Portugal	49.42
Singapore	2.2572
South Africa	.9087
Spain	73.22
Sweden	4.5560
Switzerland	1.7698
Western Samoa	.7524

Selling rates supplied by CBA Bank.

Key indicators

		Current Period	Previous Year	Per cent change
Consumers Price Index — all groups base Dec 1977 = 1000	DEC 1978	1101	1000	+10.1
Building Permits Issued	OCT 78	$105.4m	$81.1m	+22.90
	OCT 78 YEAR	$1051.3m	$1118.1m	-6.00
Official Overseas Reserves	NOV 78	$955.1m	$832.3m	+8.15
Registered Unemployed — incl those on special work schemes	DEC 78	52,730	24,[illegible]	+115.91
NZCC Share Price Index	1 FEB 79	321.3	302.57	+9.00
Reserve Bank Share Price Index	31 JAN 79	1.170	1232	+11.00

EEC access: a question of strategy

by Peter V O'Brien

THE Government's strategy in dealing with the EEC on dairy produce exports raises several questions. The fact that the Government will probably refuse to provide the answers does nothing to invalidate the questions. Deputy Prime Minister and Foreign Affairs Minister Brian Talboys has been negotiating continuing access for our products on his recent visit to Europe.

From this distance it seems that the policy is to concentrate on the Germans as the most powerful European country, and as one of our friends in that part of the world. That is one explanation for Talboys' choice of capitals on this trip.

If the explanation is correct, it raises the question of what happened during the visit of the Germans to New Zealand last year. Apparently Germany is to involve itself in projects in New Zealand, as well as enter ventures in the fishing industry. If that is the tradeoff for the Germans leaning on their Common Market partners, it would be useful to have more detail on just what is proposed in those projects, assuming that concrete proposals have been discussed.

Given the New Zealand phobia about overseas investment, the German visit was an interesting development.

The strategy seems to adopt the stance that the countries with most to gain from the exclusion of New Zealand dairy produce from Europe, Denmark and Ireland can be persuaded by the Germans, and that their opposition to our access makes it necessary for us to deal with the strong members.

That approach could be right, but it will depend on what the countries concerned decide. to do when they meet around the European table. They have the same voting and veto powers as the other members, and therefore other considerations (the intangible aspects of political and economic "clout") stemming from the Germans and British will have to carry the day in our favour.

It is also interesting to observe that New Zealand has no representation in either Copenhagen or Dublin, the capitals of the strong dairy countries, although we are well represented in the rest of the EEC, and that New Zealand ministers rarely visit either place. They have invited delegations to visit New Zealand, as occurred last year, so perhaps they see further direct contact as producing little concrete return.

It would be useful if the Government spelled out some of the reasons for its present strategy in the light of these various matters.

The Germans now seem to be placed in the position where they have several friends with conflicting aims. While New Zealand has developed a new relationship with Germany, the other Common Market partners also have a relationship with that country. German involvement in the community's industrial and commercial life is steadily increasing, and is expected to continue.

For example, between 1960 and December 1976, Germany started 124 new manufacturing projects in the Republic of Ireland with the assistance of the latter country's Government. They range from the manufacture of cigarette lighters, bathroom equipment and hats to cold rolled steel, electrical transformers, pharmaceuticals and flexible cable systems.

The influence is particularly strong in small communities where, as one example, a German company employs 400 or so from a total available population of fewer than 2000.

The economic interplay and relationships in such circumstances appear to set up complicated situations when the various governments meet around the negotiating tables.

The New Zealand question is an added complication, and it is further complicated by our drive to form a close association with the Germans, and any other likely sympathisers in Europe.

The lack of information on the finer points of the strategy (assuming it is as suggested) is a problem when analysing just what is happening, and what is likely to happen, in the fight to keep access for our dairy produce in Europe.

Possible German involvement within New Zealand in industrial projects leads to consideration of the local methods for dealing with such schemes. The front page story in NBR of January 24 told the sad tale of a firm industrial development proposal being drowned in the bureaucratic seas of New Zealand Government departments. The story made the point that other countries have single agencies to deal with development proposals. The agency then carries out the negotiations with local authorities, planners, licence givers and the other denizens of a modern state. Various approvals have to be obtained in all the countries, but the outsider is not expected to familiarise himself with the intricacies of borough councils and similar organisations before he sets up shop. The special agency handles most of that work, although the outsider certainly has to deal with the various authorities on an ongoing basis when his project is set up, and he must obey their rules.

Perhaps something special will be worked out for any German ventures which follow our fight for continuing access to Europe.

Farmers: set to exceed 1977's record result?

by Peter V O'Brien

THE Government's "stimulation" of the economy has improved the trading situation of retail companies.

Apart from the official figures, which show a real lift in retail turnover, Prime Minister Muldoon said last week that "the Government's stimulatory measures have lifted retail sales to a more satisfactory level". Who are we, or the government statistician, to argue with such an authoritative source?

Shrewd investors took the point towards the end of 1978, particularly in regard to The Farmers' Trading Co. Ltd, the country's largest retailer. From a low price of 80 cents, the shares closed the year at $1.08, a price they were maintaining last week.

A bullish half-year report, plus a one for five bonus issue (the shares are cum bonus at $1.08), assisted the price rise, but it is early anticipation which produces the largest capital gains.

FTC reported a profit lift of about 46 per cent in the first half of 1978-79, a figure which accounted for almost half the previous year's profit of $3 million. Since retailers do better in the second six months (assuming a March 31 balance date), the company looks as though it will exceed the record result of 1977.

Retail turnover figures for the December quarter should be available soon. They are expected to show a substantial lift over the previous December period. The December quarter is important because it includes Christmas trading, the period when retailers do their best business.

Until the seasonal and constant price quarterly figures are available, the market has to base its judgment on the November statistics. On January 20, the government statistician said retail sales in November were, in unadjusted dollar terms, 17.8 per cent up on November 1977, well ahead of the price inflation rate.

The highest rise came in the footwear store group, which enjoyed a 31 per cent jump over the corresponding month of 1977. The "general, department and variety" store group, which probably includes Farmers, was 19 per cent higher than in November 1977. That is a little above the average rise, but FTC could expect a better improvement because the group is well diversified throughout the country. It can thus draw on the increased spending power available in the secondary towns and cities which service the rural sector.

The fundamentals are good for the company, and for its share price. On the technical side, the one for five bonus creates the usual situation where a short-term capital gain is probable.

At $1.08 the dividend yield is 6.9 per cent, and the payment was covered 2.6 times last year.

The theoretical ex bonus price will therefore be 90 cents. At that price level, the yield moves out to 8.33 per cent from last year's 15 per cent (7.5 cents) dividend payout.

On the basis of 1977 earnings, the present share price is 5.6 times earnings. It will be adjusted back to a similar earnings multiple if the shares stand at 90 cents ex bonus. But FTC is likely to turn in a profit performance which will be beyond the percentage accounted for in the bonus issue.

When the final results are known the price-earnings multiple, on bonus increased capital, could easily come back towards 4. While the Government is trying to dampen down activity with its "new" credit policy, thereby affecting retail sales to some extent, a multiple of 4 seems too low for a company of FTC's stature in the present climate.

In addition, the market should (but, of course, may not) react to a yield of 8.33 per cent. A reduction in the yield towards the cum bonus level will lift the price.

For these reasons a price of $1.08 cum bonus could provide opportunity for short to medium term capital appreciation.

These calculations may be little consolation to people who bought into the stock when it was at $1.20 in 1976, but they have probably felt cold winds blowing through the rest of their portfolio over the same period, particularly if they were involved in blue chip stocks.

The longer term future for retailers will depend on a combination of Government policies, which at present are short-term and of a stop-go variety, and the fundamental structure of the industry.

The retail sector has a high labour content (although sales per employee have been increasing as the stores keep staff numbers down through a policy of non-replacement), and is subject to unrealistic fixed profit margins.

Those bear points will inhibit real growth in the sector, but there are always isolated companies in any sector which do better than the average.

FTC has shown in the past that it can outperform the sector. There is little reason to assume that it will drop behind in the foreseeable future.

ECONOMIC INDICATORS

EXTERNAL TRADE

As recorded in the Overseas Exchange Transactions record of the Reserve Bank

		Latest	Previous Year	Percent Change
Exports				
Meat	Nov. 78	$61.0m	$64.5m	—5.4
	Nov. 78 yr	$964.3m	$894.6m	+7.7
Wool	Nov. 78	$49.7m	$39.7m	+25.00
	Nov. 78 yr	$658.8m	$667.7m	—1.3
Dairy products	Nov. 78	$52.6m	$41.9m	+25.2
	Nov. 78 yr	$626.4m	$581.6m	+7.7
Forest	Nov. 78	$29.4m	$21.2m	+38.6
	Nov. 78 yr	$296.2m	$281.7m	+5.1
Manufactured	Nov. 78	$64.3m	$44.1m	+45.8
	Nov. 78 yr	$558.1m	$510.1m	+9.4
Total Exports	Nov. 78	$294.3m	$236.2m	24.5
	Nov. 78 yr	$3619.6m	$3407.2m	6.2
Imports				
Government	Nov. 78	$20.1m	$14.6m	+37.6
	Nov. 78 yr	$195.5m	$154.00m	+26.9
Private	Nov. 78	$265.1m	$257.4m	+2.99
	Nov. 78 yr	$2840.3m	$3044.7m	—6.7
Total imports	Nov. 78	$285.3m	$272.00m	+4.8
	Nov. 78 yr	$3035.8m	$3198.7m	—5.09
Balance on trade transactions	Nov. 78	$+9.0m	$—35.8m	
	Nov. 78 yr	$+583.8m	$+208.5m	+180.00
Balance on invisibles	Nov. 78	$—93.9m	$—68.7m	+36.00
	Nov. 78 yr	$—998.1m	$—810.1m	+23.2
Official overseas reserves	Nov. 78	$653.1m	$652.2m	+0.1

FREIGHT MOVEMENTS

Shipping cargo carried (000 tonnes)	Sept. 78	3293	3449	—4.5
	Sept. 78 yr	31,864	36,611	—12.9
Rail freight carried (000 tonnes)	Oct. 78	934	932	+0.21
	Oct. 78 yr	11,628	13,399	—13.2

FINANCIAL

Reserve Bank advances	Oct. 18, 78	$751.5m	$507.2m	+48.1
Trading Bank advances	Nov. 8, 78	$2835.9m	$2461.9m	+15.00
N.Z. overseas transactions—balance	Sept. 78	$—99.1m	$—7.5m	
Restricted survey hire purchase	Sept. 78 qtr	$131.7m	$107.6m	+22.3
Value of goods sold	Sept. 78 yr	$515.4m	$440.8m	+16.9
Mortgage interest rates — average	Aug. 78	10.92	10.30	+0.6
Government short term — average yield	Oct. 78	9.33	8.45	+10.4
Government long term — average yield	Oct. 78	10.01	10.33	+0.3
Land transfers — value of sold	Aug. 78	$291.2m	$263.6m	+10.4
	Aug. 78 yr	$3134.5m	$2770.4m	+13.1
Mortgages registered	Aug. 78	$225.1m	$178.7m	25.9
	Aug. 78 yr	$1916.7m	$1854.4m	3.3
Mortgages discharged	May 78	$87.5m	$69.8m	+25.3
	May 78 yr	$998.8m	$906.6m	+10.2
Bankruptcies	Sept. 78	51	42	+21.4
	Sept. 78 yr	517	358	+44.4
Sales tax collected	Sept. 78	$37.8m	$32.00m	+18.00
	Sept. 78 yr	$388.2m	$332.4m	+16.00
Totalisator turnover	Oct. 78	$43.3m	$28.9m	+49.00
	Oct. 78 yr	$428.4m	$376.3m	+13.8

LABOUR FORCE

Industrial stoppages — days	Sept. 78 qtr	23,691	86,433	—72.6
	Sept. 78 yr	356,798	491,550	—27.4
Nominal weekly wage rate index	Sept. 78	1103	953	+15.7
Effective weekly wage rate index	June 78	989	1017	—2.7
Vacancies at month end	Oct. 78	1980	1445	+37.00
Unemployed month end	Oct. 78	21,758	9034	+140.8
Special work schemes	Oct. 78	18,059	8008	+125.5
Migration	Oct. 78	14,735	10,190	+44.6
	Oct 78 yr	24,967	22,093	+13.00
Total N.Z. Population	Sept. 78	3,112,700	3,115,100	—0.07
Births	Sept. 78 yr	51,928	54,562	—4.8
Deaths	Sept. 78 yr	24,924	25,943	—3.9

PRODUCTION

Electricity generation — million kwh	Sept. 78	1894	1949	—2.8
	Sept. 78 yr	20,980	21,679	—3.2
Coal production — 000 tonnes	Sept. 78	192.2	212.1	—9.3
	Sept. 78 yr	2118.7	2362.8	—10.3
Gas production — million megajoules	Sept. 78	5218.3	5979.7	—12.00
	Sept. 78 yr	60,813.6	56,898.8	—6.8
Motor spirit production — million litres	Oct. 78	166,720	136,367	+22.00
	Oct. 78 yr	1,650,265	1,830,155	—9.8
Motor vehicle assembly — number	Sept. 78	5392	6093	—11.00
	Sept. 78 yr	50,995	65,206	—21.7
Building work put in place — value $million	March 78 qtr	$269.8m	$285.85m	—5.6
	March 78 yr	$1226.25m	$1143.4m	+7.2
Television sets — units	June 78 qtr	22,501	29,837	—24.6
	June 78 yr	97,618	139,384	—30.0
All plastic — value $ million	June 78 qtr	$61.8m	$65.2m	—5.2
	June 78 yr	$244.9m	$248.3m	—1.4

INTERNAL TRADE

Wholesale price index				
Consumers price index	Sept. 78	1101	1000	+10.1
Retail trade — Total turnover	Sept. 78	$465.99	$429.04m	+8.6
Current prices	Sept. 78 yr	$5403.6	$5022.2m	+7.6
Total turnover	Sept. 78 qtr	$821.9m	$841.1m	—2.2
1974 price	Sept. 78 yr	$3207.5m	$3415.1m	—6.0
per head	Sept. 78 qtr	$442.55	$403.9	+9.5
Current prices	Sept. 78 yr	$1724.4	$1604.6	+7.4
per head	Sept. 78 qtr	$254.6	$256.61	—0.82
1974 prices	Sept. 78 yr	$1022.7	$1087.3	—5.9
Wholesale trade total turnover	Sept. 78 qtr	$1485.6m	$1370.0m	+8.4
Current prices	Sept. 78 yr	$5587.9m	$5452.4m	+2.4
Stocks — Manufacturing	June 78 qtr	$2140.2m	$2033.1m	+10.5
Wholesalers	Sept. 78 qtr	$926.3m	$909.6m	+2.9
Retailers	Sept. 78 qtr	$925.7m	$886.6m	+4.4

Economic News

External Trade

Preliminary trade figures released by the Department of Statistics show an excess of exports over imports for November 1978 as follows:

	Nov. 1978	Nov. 1977
Exports	$355.3m	$209.9m
Imports	$318.7m	$259.7m

Retail Trade

Figures released by the Department of Statistics in January 1979 show that the total value of sales for November 1978 was $538.2 million, an increase of 17.8 per cent over October 1977's monthly survey of the retail trade.

Store Type Group	Nov. 1977 $(m)	Nov. 1978 $(m)	Change Nov. 1978 over Nov. 1977
Butcher, poulterer, etc.	15.61	17.74	+13.6
Grocer and dairy	105.11	118.63	+12.9
Other food and drink	29.35	33.51	+14.2
Footwear	7.67	10.05	+31.00
Apparel	34.29	42.17	+23.00
Furniture and soft furnishings	26.85	31.91	+18.8
Household applicances, elect. goods, radios, TV, etc.	26.44	33.74	+27.6
Hardware, builders hardware, paints, etc.	31.81	37.89	+19.1
Chemist	17.97	20.68	+15.1
General, department and variety	57.06	67.88	+19.0
Other	104.51	123.98	+18.6
All store types	456.66	538.17	+17.8
All store types seasonally corrected	430.4	506.8	+17.8

Building

The following table shows an increase of 5.9 per cent in the value of the actual total of buildings in the September quarter over the June quarter.

	June Quarter 1978 $(000)	September 1978 $(000)
New houses and flats —		
Government	14,226	12,565
Other	101,552	117,444
Total	115,778	130,009
Alterations and additions	32,492	35,552
Total dwellings	148,270	165,560
Hotels, boarding houses	6790	9257
Hospitals	18,155	14,487
Factories	30,158	29,032
Commercial buildings	51,503	54,709
Schools	14,691	14,478
Miscellaneous	18,955	18,052
Total other buildings	140,251	140,015
Total all buildings (actual)	288,521	305,576
Total all buildings (seasonally adjusted)	284,500	292,400

Sharemarket News

Current Debenture Issues

COMPANY	Opens	Closes
AA Finance	Jan. 12, 1979	July 12, 1979
Allied Finance & Investment	Oct. 5, 1978	April 4, 1979
Auric Corporation	Dec. 8, 1978	May 31, 1979
Aust. Guarantee NZ	Nov. 22, 1978	May 22, 1979
BNZ Finance	Dec. 16, 1978	June 15, 1979
*Broadlands	Oct. 9, 1978	April 9, 1979
*Challenge Finance	Sept. 4, 1978	March 3, 1979
Credit & Investments	Nov. 1, 1978	May 1, 1979
*Crown Finance	Nov. 1, 1978	May 1, 1970
Donaghys	Sept. 22, 1978	March 21, 1979
Foodstuffs Otago-Southland	Sept. 25, 1978	March 22, 1979
Finance & Discounts	Nov. 15, 1978	May 15, 1979
F & P Dealer Rentals	Dec. 15, 1978	June 8, 1979
General Finance	Aug. 23, 1978	Feb. 23, 1979
*General Motors	Oct. 30, 1978	April 30, 1979
International Harvester	Sept. 4, 1978	March 4, 1979
GUS	Sept. 25, 1978	March 15, 1979
Lombard NZ	Dec. 14, 1978	June 14, 1979
*Marac Holdings	Sept. 4, 1978	March 4, 1979
Mascot Holdings	Sept. 29, 1978	March 29, 1979
NZI Finance	Aug. 1, 1978	Feb. 1, 1979
Radio Pacific	Nov. 28, 1978	May 28, 1979
Sales Expansion	Aug. 10, 1978	Feb. 10, 1979
Smiths City Market	Sept. 29, 1978	March 29, 1979
*Tappenden	Aug. 21, 1978	Feb. 21, 1979
Transvision	Sept. 29, 1978	March 29, 1979

*Changed rates

Bonus Issues of Ordinary Shares Pending

Company	Ratio	Meeting	Books Close Inclusive	Ex Date
Aurora	1:5	30/3	7/4	4/4
Briley	1:7	30/11	1/2	29/1
FTC	1:5	—	NFD	—
Jewatson	1:10	18/10	28/2	23/2

Share Price Index Statistics (as at October 31)

NZUC Year to Date	High	326.07
	Low	322.03
Month	High	326.07
	Low	322.03
Reserve Bank Year to Date	High	1374
	Low	1357
Month	High	1374
	Low	1357

MONTHLY TURNOVER

September	[illegible]
October	[illegible]
November	[illegible]
January 1978	[illegible]
February	[illegible]
March	[illegible]
April	[illegible]
May	[illegible]
June	[illegible]
July	[illegible]
August	[illegible]
September	[illegible]
October	[illegible]

NBR SHAREMARKET SURVEY

WEEK ENDING FEBRUARY 1, 1979

1979 High	1979 Low		Last Sale	Week's High	Week's Low	Dividend %	Reported Turnover	Dividend Yield	P.E. Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

1979 High	1979 Low		Last Sale	Week's High	Week's Low	Dividend %	Reported Turnover	Dividend Yield	P.E. Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NBR / NZUC SHARE PRICE GRAPH (Base 1957=100)